

Report of the Board of Directors

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Management Discussion and Analysis

For the Financial Year Ended 31st March, 2022

SOCIO-ECONOMIC ENVIRONMENT

After a tumultuous 2020, which witnessed unprecedented disruption to human life and economic activity across the globe, the world economy witnessed a sharp recovery on the back of enhanced vaccination coverage and continued fiscal and monetary stimuli across countries. As per IMF estimates, global growth in 2021 stood at 6.1% (Vs. 3.1% decline in 2020); Advanced Economies grew by 5.2% (Vs. 4.5% decline in 2020) while Emerging Markets & Developing Economies clocked a faster pace of 6.8% (Vs. 2.0% decline in 2020). The recovery momentum was, however, weakened in course of the year by new strains of the virus and an unprecedented spike in commodity prices due to global supply chain disruptions, container shortages and congestion in ports.

Even prior to the ongoing Russia-Ukraine conflict, inflation had started surging in many economies due to soaring commodity prices and pandemic-induced supply-demand imbalances. This led central banks such as the US Federal Reserve, European Central Bank and the Bank of England to bring forward the timing of tightening monetary conditions in their respective countries. The situation was exacerbated with the ongoing Russia-Ukraine conflict that caused sharp escalation and volatility in agri, fuel and crude-linked commodity prices. Persistently elevated and sticky inflation has emerged as a key concern globally. As per IMF, global inflation in 2022 is projected at 7.4% - the highest in 26 years. In some Advanced

Economies, including the United States and certain European countries, inflation has reached multi-decadal highs. In Emerging Markets & Developing Economies, rise in food and fuel prices poses significant risk to growth prospects. Consequently, central banks, the world over, are increasingly pivoting from supporting growth to combating inflation.

According to the latest IMF estimates, aggregate global economic growth is estimated at 3.6% in 2022, representing a downward adjustment of 80 bps to earlier estimates. Advanced Economies are projected to grow by 3.3% with growth in major economies such as the United States and Euro Area estimated at 3.7% and 2.8% respectively. Emerging Market & Developing Economies are estimated to grow by 3.8%, impacted by muted growth in China and sharp decline in Russia. The amalgam of recent events, including the latest surge in COVID cases in certain regions, continued geopolitical tensions, inflationary headwinds on the back of commodity super cycles & 'greenflation', and extended supply chain disruptions, pose significant downside risks to global economic prospects in the year ahead.

FY 2021-22 turned out to be another challenging year for the Indian economy, marked by heightened uncertainty and volatility due to the COVID pandemic. The year began with the second wave of the pandemic having a devastating socio-economic impact in the country followed by a sharp drop in its intensity, which aided smart recovery in economic activity that reached pre-pandemic levels towards the end of the second quarter. Even as economic prospects started looking

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The Government of India continued to make concerted efforts, through several path-breaking initiatives across the areas of healthcare, infrastructure, social welfare and digital, to support various sections of the economy during these turbulent times which helped accelerate the pace of resumption of economic activities over the year.

up, the country was hit hard by the third wave with new cases rising exponentially across major cities and halting the recovery momentum. Just as the third wave had abated in India, geopolitical tensions in Europe sparked off a fresh round of uncertainty in the operating environment.

Amidst such a challenging backdrop, the Indian economy rebounded during the year growing by 8.9%, albeit on a low base. The Government of India continued to make concerted efforts, through several path-breaking initiatives across the areas of healthcare, infrastructure, social welfare and digital, to support various sections of the economy during these turbulent times which helped accelerate the pace of resumption of economic activities over the year. These include an effective and focused vaccination programme, targeted localised restrictions during peak caseloads, support to economically weak sections of society and assistance to sectors most impacted by the pandemic.

The recovery was, however, uneven with different sectors of the economy and income classes experiencing varying degrees of impact. The external sector was a bright spot in the economy with India's merchandise exports surging 43% to a record high of US\$ 418 billion during the year. Foreign currency reserves also remained robust, despite increase in imports with rising levels of activity. Tax collections remained buoyant during the year with record GST collections on the back of pick-up in economic activity, enhanced compliance and efficient administration. On the other hand, private consumption remained subdued and below its pre-pandemic growth path, rural demand witnessed a marked slowdown and private capital expenditure did not see any material

improvement although signs of an incipient revival emerged in certain sectors. Unprecedented rise in commodity and crude oil prices led to persistently sticky and elevated inflation with March 2022 CPI hitting a 17-month high of 6.95%, resetting inflation expectations and the interest rate trajectory going forward.

Up until January 2022, near-term prospects for the Indian economy seemed extremely promising – with all sectors of the economy, including the contact-intensive service sector, having made steady recovery. However, sustained inflationary headwinds and outbreak of the Russia-Ukraine conflict leading to extended global disruptions and spiraling of commodity prices have led to downward revisions to the growth forecast for 2022. The Indian economy is now estimated to grow by 7.2% in FY 2022-23, driven by Government capital expenditure and anticipated pick-up in the private capex cycle. A favourable monsoon coupled with disruptions in global supply chains are expected to provide opportunities to service overseas markets and aid the agri sector. The Services sector is expected to grow at a higher pace aided by full re-opening of the economy and release of pent-up demand for contact-intensive services, including resumption of business and international travel. Continued geopolitical tensions, extended global supply chain disruptions and elevated inflation pose key downside risks for the year ahead.

Even as the Indian economy faces multi-dimensional challenges in the short term, it remains one of the most dynamic major economies in the world with immense headroom for growth. A favourable demographic profile, rapid urbanisation and increasing affluence represent some of the key structural drivers of growth of the Indian economy. The Government of

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India's multi-dimensional reforms framework has the potential to unleash a quantum leap in the country's growth agenda. Several transformative economic reforms have been undertaken in recent years to enhance competitiveness and foster inclusive growth. These include the implementation of Goods and Services Tax (GST), Insolvency and Bankruptcy Code (IBC), Real Estate (Regulation and Development) Act, direct tax reforms and revision in Micro, Small & Medium Enterprises (MSME) norms. The National Infrastructure Pipeline, PM Gati Shakti, National Industrial Corridors, Smart Cities Mission and PM Awas Yojana are some of the key interventions that are transforming the country's infrastructure landscape. The new Labour Code which has done away with a number of archaic legislations and investment boosting measures like sector-focused Production Linked Incentive (PLI) Schemes are expected to catalyse the manufacturing sector and enhance its competitiveness. A robust digital infrastructure has been put in place, with Unified Payments Interface (UPI), Jan Dhan-Aadhaar-Mobile trinity and several other initiatives under Digital India paving the way for democratising technology and connectivity to bring about the next phase of financial inclusion in the country. Focused initiatives in the rural and agri sector such as PM KISAN, Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY), central scheme for Farmer Producer Organisations (FPOs) and rural electrification programme amongst others, are expected to engender inclusive growth.

As the economy faces the immediate challenges of muted consumption, persistently high inflationary headwinds and supply chain disruptions, policy interventions would need to be sharply focused on supporting sustainable livelihoods and fostering inclusive growth. The growth oriented initiatives announced by the Government in the visionary Union Budget 2022 including provision of food,

healthcare and social security benefits to the vulnerable, thrust on rural and agri sector, measures to raise farm incomes and focus on public capital expenditure to crowd in private investments are expected to bolster the growth momentum and also enhance competitiveness of the Indian economy. Structural support would also need to be provided to sectors that have large multiplier effects on employment and the economy. These include agri-based industries such as food processing, tourism, travel & hospitality and domestic agri and wood-based industries, amongst others. Development of robust value chains to support and strengthen these sectors remains critical to achieving such multiplier effects and realising India's goal of becoming a US\$ 5 trillion economy.

As reported in earlier years, enhancing agricultural productivity and value addition to international standards, while simultaneously improving market linkages, remain critical to enhance the competitiveness of the agricultural sector and drive significant increase in farmers' income. India is the leading producer worldwide of several commodities, including pulses, spices, fruits such as mangoes, bananas, etc.; it is also the second largest producer of rice and has the largest population of buffaloes globally. However, India's agri exports aggregating appx. US\$ 50 billion represent a global market share of less than 3%.

Expert studies indicate the potential to double India's agri exports by strengthening the competitiveness of agri-value chains in areas that are aligned to global demand and where the country has inherent advantages. This calls for a transformational shift of the agri ecosystem from the conventional production-centric supply chains to demand-responsive value chains anchored by market players.

It is pertinent to note that food and dietary patterns are fast evolving across the globe with sustainable

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sourcing becoming increasingly mainstream. Such shifts accentuate the need to enhance the competitiveness of agri-value chains in order to cater to the dynamic market requirements of the future. Achieving scale and productivity have also become pre-requisites for the success of the agri sector. As per estimates, over the next four decades, global food production would need to equal the total food production achieved over the past eight millennia, in order to meet the burgeoning global demand over such time. The Government's initiatives to promote FPOs in order to enhance market access for farmers and leverage economies of scale are expected to reap rich dividends for the agri sector in the medium term. FPOs have a tremendous potential to serve as major enablers in augmenting farm livelihoods, by facilitating a crucial link between markets and individual farmers, especially those with small and marginal land holdings. In this context, your Company has adopted targeted collaborative models to multiply the scale and impact of its agri and rural interventions. This collaborative approach, as opposed to a traditional transactional approach, can contribute meaningfully towards building next generation agriculture that is climate resilient and capable of supporting gainful livelihoods. Digitalisation of agriculture also offers the potential to increase productivity and foster structural changes across the value chain thereby enabling efficient use of resources. In line with its commitment to bring the power of cutting-edge digital technologies and unlock the potential of India's farmers, your Company has launched ITCMAARS (Metamarket for Advanced Agriculture and Rural Services). This digitally powered platform will empower the farming community by delivering customised solutions to stakeholders by synergistically integrating NextGen agri-technologies. Further details on this transformative initiative are provided in the Agri Business section of this report.

As reported in earlier years, it is pertinent to note that a substantial quantum of food is wasted along the chain in India, depending on the inherent perishability of the crop and the season. Higher levels of food processing in the economy can create a much larger pull for quality agri-commodities, thereby reducing farm wastages and raising farm incomes. This would require focused investments in developing product-specific climate-controlled infrastructure as well as in branded products that benefit large agri-value chains. Corporate participation is essential not only to invest in requisite infrastructure, but also to provide assured market linkages to farmers. A big thrust on India's Food Processing sector can play a pivotal role and have a multiplier effect which will lead to significant job creation, enhance rural incomes and help manage food inflation. In this context, the recently announced PLI Scheme for the Food Processing sector, with an estimated outlay of ₹ 10900 crores, is expected to play a pivotal role in boosting investments, agri exports, farmer incomes, employment generation and building Indian brands for the global market. Your Company has been included under the Scheme for several of its Branded Packaged Foods Businesses, details of which are provided in the relevant section.

Similarly, the Agro-forestry sector, as a source of raw material for wood-based industry, is woefully constrained by policies that not only impede job creation in India but also promote avoidable imports. Recent initiatives announced in the Union Budget 2022 to provide financial assistance to members of marginalised communities taking up Agro-forestry is a good starting point to reverse this situation. Supportive policies in this area would go a long way in enhancing sustainable livelihoods while simultaneously augmenting the Nation's environmental capital.

The integrated nature of your Company's business models along with strategic investments to enhance

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efficiencies across its operating segments - including agri-commodity sourcing expertise for the Branded Packaged Foods Businesses and cost-competitive fibre supply chain along with in-house pulp manufacturing capability of the Paperboards & Specialty Papers Business – is a key source of competitive advantage, especially against the backdrop of severe inflationary headwinds. Your Company's interventions across operating segments are aligned to the national priorities of enhancing competitiveness of Indian agriculture and industry, generating large-scale employment opportunities and supporting sustainable livelihoods, driving import substitution by enhancing the competitiveness of domestic agri-value chains and industry, creating national brands to maximise value capture in India, increasing Indian agri exports and promoting sustainable business practices. Investments made by your Company continue to be guided by the national objectives of 'Make in India' and 'Doubling Farmers' Income' and the overarching theme of 'AatmaNirbhar Bharat' that seeks to make the country stronger, resilient and more competitive.

The collaboration with NITI Aayog, aimed at boosting agricultural and allied activities in 27 backward districts of eight states under the Aspirational Districts programme, was successfully completed during the year and plans are on the anvil to extend the same. Under the programme, around 34 lakh farmer interactions have taken place, with training being imparted on package of practices appropriate for the dominant crops of the region as well as towards livestock rearing. Your Company recognises the critical role of technology and the digital revolution towards fostering inclusive and sustainable growth to reduce social inequity. Towards this end, digital training platforms were leveraged during the year through customised apps together with the formation of more than 6,200 WhatsApp groups in around 18,900 villages, building capacity of 5.9 lakh farmers to achieve the objectives of your Company's

collaborative initiative with NITI Aayog. These interventions have led to improvement in yields and reduction in cultivation costs, thereby augmenting farmer incomes by up to 60%.

Your Company has also partnered with the State Government of Andhra Pradesh towards improving the quality of chilli produced in the country to meet global standards. A Public Private Partnership programme - 'Integrated Agri-Extension Platform for Chilli Farm Value Chain Development' - has been conceptualised under which 40,000 farmers covering about 100,000 acres are expected to be benefited by 2025. In FY 2021-22, the programme covered over 16,400 farmers and 52,500 acres across 107 villages. Improved quality, farm productivity and higher share of farm gate sales enabled farmers covered under the project to generate additional income.

Your Company is also working towards developing village level institutions and fostering micro entrepreneurship by promoting custom hiring centres for farm mechanisation, post-harvest product management infrastructure and community managed seed banks for self-reliance in quality seed material. Environmentally sustainable farm practices including zero-till sowing of wheat, direct seeding of rice, micro-irrigation and watershed development continue to be promoted.

The farm sector faces enormous threats arising out of climate change as evident from the growing number of extreme weather events such as droughts and floods. Given the vulnerabilities, it is critical to strengthen climate resilience and adaptability of the agri-food sector. In this context, your Company's interventions in collaboration with CGIAR's 'Climate Change and Food Security Programme' to build climate smart villages was expanded to over 2,500 villages across 11 states and supported farmers in the management of risks arising from erratic and extreme weather events. Your Company,

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through stakeholder consultations and extensive research has prepared state level agriculture climate change adaptation plans for three states i.e. Rajasthan, Maharashtra and Madhya Pradesh and continues to engage with the respective governments for adoption of the same. Further, your Company's Climate Smart Village intervention in Madhya Pradesh demonstrated an average increase in yield of 38% and 15% in soyabean and wheat respectively, over the baseline. Along with reduction in cost of cultivation, this has led to an average increase in net income by 93% in soyabean and 46% in wheat over the baseline. According to CGIAR estimates, average Green House Gas emissions reduced by 66% for soyabean and 13% for wheat as compared to the baseline. Your Company continues to be a carbon, water and solid waste re-cycling positive organisation and is a global exemplar in sustainability.

Demand side management is another critical component of your Company's Water Stewardship programme. Recognising the critical imperative of reducing water use, especially in agriculture, your Company continues to work with farmers to achieve 'more crop per drop' and improve farmer incomes. Around 7.3 lakh acres have been covered till date across 11 states. Various studies indicate potential water savings to the tune of 497 million cubic metres per annum through micro irrigation technologies and crop-specific agronomical practices.

In Kapurthala District, Punjab, your Company under its flagship programme of 'ITC Mission Sunehra Kal' has, over the last four years, implemented solutions that have effectively substituted the burning of paddy stubble by farmers. During the year, the programme covered 1.8 lakh acres with appx. 87% of the area witnessing total stoppage of stubble burning, thereby avoiding appx. 1.3 lakh tonnes of carbon release into the atmosphere.

Although India has appx. 18% of the world population, its share of natural resources is disproportionately low with only 2% of global land mass, 4% of freshwater resources and 2% of forest resources. It is more critical than ever before to redouble efforts, both at the national and corporate level, to fashion strategies that foster sustainable, equitable and inclusive growth.

It is your Company's belief that businesses can bring about transformational change by pursuing innovative business models that synergise the creation of sustainable livelihoods and the preservation of natural capital while enhancing shareholder value. This 'Triple Bottom Line' approach to creating larger 'stakeholder value', as opposed to merely focusing on uni-dimensional 'shareholder value' creation, is the driving force that defines your Company's sustainability vision and its growth path into the future.

Your Company is a global exemplar in 'Triple Bottom Line' performance. The focus on creating unique business models that generate substantial livelihoods across the value chains has led to your Company's Businesses supporting over six million sustainable livelihoods, many of whom belong to the weaker sections of society.

Your Company sustained its 'AA' rating by MSCI-ESG for the 4th successive year - the highest amongst global tobacco companies. Your Company has also been included in the Dow Jones Sustainability Emerging Markets Index - a reflection of being a sustainability leader in the industry and a recognition of its continued commitment to people and planet. Your Company has also been rated at the 'Leadership Level' score of 'A-' for both Climate Change and Water Security (Asia and Global average at 'B-' for climate change and 'B' for water security) by CDP, a reputed independent global platform for disclosures on environmental impacts.

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As a testament to your Company's 'Triple Bottom Line' philosophy and Responsible Luxury ethos, ITC Windsor, Bengaluru achieved the distinction of being the first hotel in the world to achieve LEED® Zero Carbon Certification. ITC Grand Chola, Chennai (the largest hotel in the world to receive such certification), and ITC Gardenia, Bengaluru also received the LEED® Zero Carbon Certification during the year. These properties are the first three hotels in the world to receive the LEED® Zero Carbon Certification.

Your Company recognises the urgent need to combat climate change for building a more secure future and the role it can play in enabling a net-zero economy. To this end, your Company is pursuing a low carbon growth strategy through extensive decarbonisation programmes across its value chain. With its bold Sustainability 2.0 agenda, your Company is setting the bar higher, and remains committed to making a meaningful contribution to the Nation's future while retaining its status as a sustainability exemplar. Further details on this subject are available in the Sustainability section of this Report.

FINANCIAL PERFORMANCE

The operating environment during the year remained extremely challenging and was marked by heightened uncertainty and volatility due to the COVID pandemic and unprecedented inflationary headwinds; geopolitical tensions towards the end of the year exacerbated the situation. Your Company demonstrated tremendous resilience and navigated the dynamic environment with speed and agility leveraging the experiences from prior waves of the pandemic. In spite of significant disruptions during the year, your Company's consumer-centricity, agility in seizing market opportunities, focus on execution excellence and proactive strategic interventions enabled it to post robust growth in Revenues and Profits, surpassing pre-pandemic levels.

Overall for FY 2021-22, Gross Revenue at ₹ 59101.09 crores increased by 22.7%, while EBITDA increased by 22.0% to ₹ 18933.66 crores. Profit Before Tax at ₹ 19829.53 crores grew by 15.5% over previous year and Profit After Tax stood at ₹ 15057.83 crores (previous year ₹ 13031.68 crores). Total Comprehensive Income for the year stood at ₹ 15631.68 crores (previous year ₹ 13277.93 crores). Earnings Per Share for the year stood at ₹ 12.22 (previous year ₹ 10.59).

- The FMCG-Others Segment turned in a resilient performance with Segment Revenue growing by 8.6% amidst subdued demand conditions. After a relatively muted first half, revenue in the second half of the year witnessed double-digit growth. Staples and Convenience Foods remained resilient even as the pace of revenue growth moderated on a relatively high base. Discretionary/Out-of-Home categories recorded strong growth surpassing pre-pandemic levels driven by progressive improvement in mobility. The Health & Hygiene portfolio witnessed demand volatility in line with COVID caseload intensity while remaining significantly above pre-pandemic levels. Progressive resumption of physical classes at educational institutions led to gradual recovery in the Education & Stationery Products Business; however, sales remained below pre-pandemic levels. Segment EBITDA for the year grew by 10.0% to ₹ 1448.97 crores with margins being sustained at 9.1% in spite of unprecedented inflationary headwinds. The unprecedented increase in prices of key inputs was mitigated through focused cost management interventions across the value chain, premiumisation, product mix enrichment, judicious pricing actions and fiscal incentives. Inflation continues to remain a key monitorable for the Segment in the near term.

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- The FMCG-Cigarettes Segment rebounded during the year on the back of progressive normalisation of economic activity and concerted actions to reinforce market standing through strategic portfolio interventions and enhancing product availability backed by superior on-ground execution. Volumes surpassed pre-pandemic levels in the latter half of the year.
- After an extremely challenging FY 2020-21, the Hotels Segment witnessed smart recovery driven by the domestic leisure and wedding segments; business travel also saw progressive improvement, albeit remaining well below pre-pandemic levels. Pick-up in revenues together with relentless focus on cost management resulted in a positive swing of ₹ 346.63 crores in Segment EBITDA, despite considerable disruptions caused by the two waves of the pandemic during the year.
- The Agri Business Segment delivered stellar performance with Segment Revenue and Results growing by 28.7% and 25.6% respectively. This was driven by strong growth in wheat, rice, spices and leaf tobacco exports on the back of strong customer relationships, robust sourcing network and agile execution.
- The Paperboards, Paper & Packaging Segment recorded strong growth of 36.0% in Segment Revenue and 54.7% in Segment Results. This was aided by demand revival across most end-user segments, higher realisations, product mix enrichment and exports. Robust margin expansion of appx. 270 bps was achieved leveraging the integrated nature of the business model, Industry 4.0 and other digital interventions.

The Directors of your Company are pleased to recommend a Final Dividend of ₹ 6.25 per Ordinary

Share of ₹ 1/- each for the financial year ended 31st March, 2022. Together with the Interim Dividend of ₹ 5.25 per share paid on 4th March, 2022, the total Dividend for the financial year ended 31st March, 2022, amounts to ₹ 11.50 per share (previous year ₹ 10.75 per share). Total cash outflow on account of Dividends (including Interim Dividend of ₹ 6469.48 crores paid in March 2022) will be ₹ 14171.51 crores.

VALUE-ADDED AND CONTRIBUTION TO EXCHEQUER

Over the last five years, the Value-Added by your Company, i.e. the value created by the economic activities of your Company and its employees, aggregated over ₹ 250000 crores, of which over ₹ 172000 crores accrued to the Exchequer.

Including the share of dividends paid and retained earnings attributable to government owned institutions, your Company's contribution to the Central and State Governments represented over 75% of its Value-Added during the year.

Your Company has, over the years, ranked amongst the Top 3 Indian corporates in the private sector in terms of Contribution to Exchequer.

FOREIGN EXCHANGE EARNINGS

Your Company continues to view foreign exchange earnings as a priority. All Businesses in your Company's portfolio are mandated to engage with overseas markets with a view to testing and demonstrating international competitiveness and seeking profitable opportunities for growth. Foreign exchange earnings of the ITC Group over the last ten years aggregated nearly US\$ 8.2 billion, of which agri exports constituted 59%. Earnings from agri exports, which effectively link small farmers with international markets, are an indicator of your Company's contribution to the rural economy.

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During the financial year 2021-22, your Company and its subsidiaries earned ₹ 11472 crores in foreign exchange. The direct foreign exchange earned by your Company more than doubled to ₹ 9779 crores, mainly on account of exports of agri-commodities. Your Company's expenditure in foreign currency amounted to ₹ 2756 crores, comprising purchase of raw materials, spares and other expenses of ₹ 2456 crores and import of capital goods of ₹ 300 crores.

PROFITS, DIVIDENDS AND RETAINED EARNINGS

(₹ in crores)

PROFITS	2021 - 22	2020 - 21
a) Profit Before Tax	19829.53	17164.19
b) Tax Expense		
– Current Tax	4833.88	4035.36
– Deferred Tax	(62.18)	97.15
c) Profit for the year	15057.83	13031.68
d) Other Comprehensive Income	573.85	246.25
e) Total Comprehensive Income	15631.68	13277.93
STATEMENT OF RETAINED EARNINGS		
a) At the beginning of the year	28210.63	33596.14
b) Add: Profit for the year	15057.83	13031.68
c) Add: Other Comprehensive Income (net of tax)	23.66	(29.66)
d) Add: Transfer from share option on exercise and lapse	315.34	222.96
e) Less: Dividends		
– Final Dividend of ₹ 5.75 (2021: ₹ 10.15) per share	7077.59	12476.61
– Interim Dividend of ₹ 5.25 (2021: ₹ 5.00) per share	6469.48	6152.68
– Income Tax on Dividend paid	–	(13.98)
f) Transfer from Equity Instruments through Other Comprehensive Income reserve on renunciation of rights entitlements (net of tax)	–	4.82
g) At the end of the year	30060.39	28210.63

FMCG CIGARETTES

After facing significant challenges in FY 2020-21, the Business navigated through two disruptive waves of the pandemic during the year under review. Despite such disruptions, the Business progressively recovered in course of the year, surpassing pre-pandemic levels in the latter half. The Business effectively leveraged institutional strengths, digital technologies and learnings from prior waves to respond with agility across all nodes of operations. This included, inter alia, re-configuring and re-aligning supply chain operations to service market requirements through dynamic planning, strengthening direct reach in target markets across all traditional trade channels and augmenting the stockist network to service rural and semi-urban markets efficiently.

Your Company sustained its leadership position in the cigarette industry through its unwavering focus on nurturing a portfolio of world-class products anchored on superior consumer insights, robust innovation pipeline and world-class product development capabilities. Your Company continues to counter illicit trade and reinforce market standing by fortifying the product portfolio through innovation, democratising premiumisation across segments and enhancing product availability backed by superior on-ground execution. Several differentiated variants were introduced to cater to continuously evolving consumer preferences and ensure future-readiness of the product portfolio. These include innovative launches such as 'Classic Connect', 'Gold Flake Indie Mint', 'Gold Flake Neo SMART Filter', 'Wills Protech', 'Capstan Excel', 'American Club Smash', 'Gold Flake Kings Mixpod', 'Wave Boss' and 'Flake Nova'. The Business also expanded its presence in focus markets with the launch of differentiated offerings across segments.

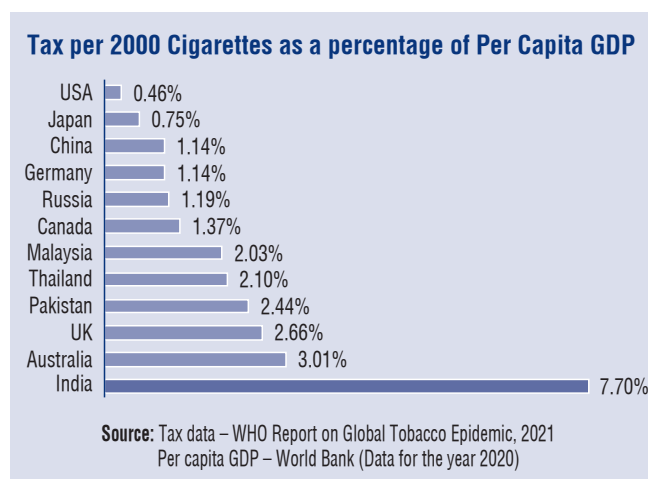
Globally, cigarette smoking is the dominant form of tobacco use. In the Indian context, tobacco use comprises a diverse range of chewing and smoking

Your Company and its subsidiaries earned
₹ 11472 crores in foreign exchange.

formats that are available at different price points, consequent to significant divergence in tax rates across different formats of tobacco. While India is the world's second largest consumer of tobacco, legal cigarettes constitute only 8% of overall tobacco consumption in India, as against a global average of 90%. It is pertinent to note that India accounts for less than 2% of global cigarette consumption despite comprising 18% of the world's population, making India's per capita cigarette consumption amongst the lowest in the world.

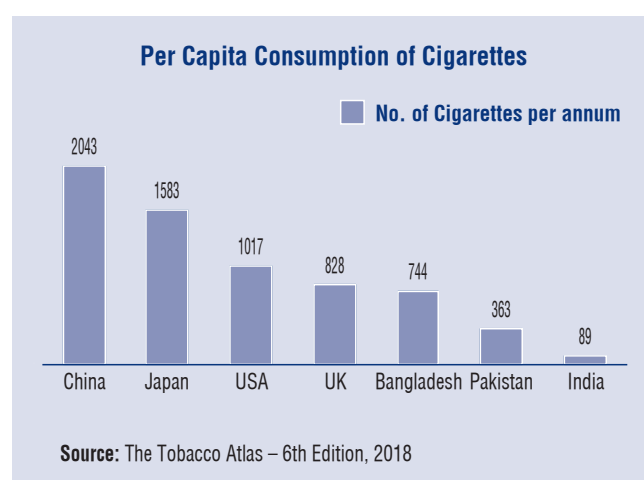
Over the years, discriminatory and punitive taxation on cigarettes has led to progressive migration from consumption of duty-paid cigarettes to other lightly taxed/tax-evaded forms of tobacco products, comprising illicit cigarettes and bidi, chewing tobacco, gutkha, zarda, snuff, etc. Consequently, while the share of legal cigarettes in total tobacco consumption has declined from 21% in 1981-82 to a mere 8%, aggregate tobacco consumption in the country has increased over the same period. As a result, despite accounting for less than 1/10th of the tobacco consumed in the country, duty-paid cigarettes contribute more than 4/5th of the revenue generated from the tobacco sector.

Taxes on cigarettes are one of the highest in India as depicted in the chart.



Taxes on cigarettes in India are multiple times higher than in developed countries viz. 17x of USA, 10x of Japan, 7x of Germany and so on. Further, the same is also substantially higher than that in neighbouring countries.

It is pertinent to note that India's per capita cigarette consumption is amongst the lowest in the world and is significantly lower compared to that of China, Japan, USA, UK and even neighbouring countries such as Bangladesh and Pakistan.



During the period 2012-13 to 2016-17, excise duty on cigarettes increased sharply at a CAGR of 15.7%; however, tax revenue from cigarettes grew by a mere 4.7% CAGR during the same period. In 2017-18, the legal cigarette industry was further impacted by a sharp rise of 20% in tax incidence as a result of increase in excise duty and transition to the GST regime. Thereafter, relative stability in taxation until January 2020 helped the legal industry partially claw back volumes lost to the illicit trade in earlier years; consequently, revenue collections witnessed a marked buoyancy growing by 10.2% during this period.

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Period	Increase in Tax Rate	Growth in Revenue Collections
2012-13 to 2016-17 (CAGR)	15.7%	4.7%
Apr'18-Jan'20 over Jul'17-Mar'18	–	10.2%

After a steep hike in taxation in February 2020, the respite from further increases in the subsequent period has provided an opportunity for the legal industry to partially recover volumes lost to illicit trade in earlier years.

Punitive taxes on the legal cigarette industry have resulted in rapid growth in illicit cigarette trade, making India the 4th largest illicit cigarette market globally according to Euromonitor estimates. Over the years this has created extremely attractive tax arbitrage opportunities for unscrupulous players indulging in illicit cigarette trade. While legitimate cigarette industry volumes have declined consistently over the last decade, illicit cigarette trade volumes, in contrast, have grown rapidly during the same period, accounting for about 1/4th of the domestic industry.

During the year, the media reported several cases of evasion of taxes/duties by dealers in illicit cigarettes which came to light because of raids conducted by Directorate General of GST Intelligence (DGGI). Several interventions in this area continue to be made by the respective authorities. As per the reply given by the Union Minister of State for Commerce & Industry in the Lok Sabha on 17th March, 2021, the seizure of illicit cigarettes has seen a quantum jump over previous years. It is estimated that on account of illicit cigarettes alone, revenue loss to the Government is appx. ₹ 17000¹ crores per annum. In respect of the

¹ As per industry estimates

other tobacco products as well, the revenue losses are significant since about 68%² of the total tobacco consumed in the country remains outside the tax net.

Tobacco control measures in India have ranked amongst the most stringent in the world from the time of enactment of the Cigarettes (Regulation of Production, Supply and Distribution) Act, 1975 to the present. India is also one of the few countries where tobacco products are regulated across the value chain – from their manufacture to sale to consumers. The Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 (COTPA) requires cigarette packages to bear the statutorily mandated pictorial and textual warnings covering 85% of the surface area of the packet - one of the largest in the world.

It may be observed that smuggled international brands of cigarettes do not bear any of the pictorial or textual warnings mandated by Indian laws or, bear much smaller pictorial warnings as per the tobacco laws of the countries from where these cigarettes originate. As reported in prior years, findings from research conducted by IMRB International, an independent market research organisation, show that the lack of pictorial warnings on packets of smuggled international brands of cigarettes or their diminutive size creates a perception in the consumers' mind that these illicit cigarettes are 'safer' than domestic duty-paid cigarettes that carry the 85% pictorial warnings. The combination of low prices to consumers consequent to tax evasion and the misleading perception created by the absence of statutory pictorial warnings provides significant buoyancy to illicit cigarette volumes.

² Report on the impact of current tax framework on the tobacco sector in India and suggestions for its improvement - 2014, by ASSOCHAM and KPMG.

After a steep hike in taxation in February 2020, the respite from further increases in the subsequent period has provided an opportunity for the legal industry to partially recover volumes lost to illicit trade in earlier years.

India is among the top three tobacco growing countries in the world. Tobacco occupies a pre-eminent position in the Indian economy on account of its considerable contribution to the agricultural, industrial and export sectors³. The large and rapidly growing illicit cigarette trade also has a deleterious impact on farmers and farm workers engaged in the tobacco value chain. In India, cigarettes are manufactured largely using Flue Cured Virginia (FCV) tobacco grown in the states of Andhra Pradesh, Telangana and Karnataka. As smuggled international brands of cigarettes do not use Indian tobaccos, in addition to revenue losses, the growth of illicit cigarette trade has also resulted in a sharp drop in demand for Indian FCV tobaccos in the domestic market.

It is pertinent to note that several other major tobacco producing countries, including the USA, have established regulatory frameworks taking into consideration the economic interests of their tobacco farmers. The punitive and discriminatory taxation & regulatory regime on cigarettes in India continues to adversely affect the livelihood of Indian tobacco farmers with corresponding gains to those countries that have opted for moderate and equitable tobacco regulations. These developments, coupled with lower availability of Indian crop, lower export incentives in India and relative weakness of currencies in certain competing geographies have had a debilitating impact on 46 million livelihoods comprising tobacco farmers, farm workers, etc. who are dependent on the tobacco value chain. It is estimated that since 2014, Indian tobacco farmers have suffered a cumulative drop in earnings of over ₹ 7000 crores. As seen in

³ Report on Tobacco Control in India, Ministry of Health & Family Welfare, Govt, 2004 (Jointly supported by Centers for Disease Control and Prevention, USA and the World Health Organisation).

the past, stability in taxes on cigarettes enables the legal cigarette industry to claw back volumes lost to illicit trade, thereby engendering domestic demand for Indian tobaccos, while also mitigating loss of tax revenue to the Exchequer due to illicit trade.

As reported in earlier years, your Company and several other stakeholders had challenged the validity of the pictorial and textual warning covering 85% of the surface area of the packet prescribed under COTPA. The Honourable Karnataka High Court, by its judgement in December, 2017, held the 85% pictorial warnings to be factually incorrect and unconstitutional. Upon Special Leave Petitions filed by the Government and others, the Honourable Supreme Court has stayed the judgment of the High Court. The cases are pending before the Honourable Supreme Court.

The extremely stringent regulations along with the discriminatory and steep taxation on cigarettes have had numerous negative, albeit unintended repercussions. These include:

- rapid growth in illicit cigarette volumes, which resulted in sub-optimisation of the revenue potential of the tobacco sector and significant loss to the Exchequer. It is estimated that on account of illicit cigarettes alone, revenue loss to the Government is appx. ₹ 17000 crores per annum.
- widespread availability of illicit cigarettes and other tobacco products of dubious quality and hygiene to consumers at extremely affordable prices. As a result, despite accounting for less than 1/10th of the tobacco consumed in the country, duty-paid cigarettes contribute more than 4/5th of the revenue generated from the tobacco sector.
- a large component of tobacco consumption in the country, aggregating around 68%, remaining outside the tax net.

As seen in the past, stability in taxes on cigarettes enables the legal cigarette industry to claw back volumes lost to illicit trade, thereby engendering domestic demand for Indian tobaccos, while also mitigating loss of tax revenue to the Exchequer due to illicit trade.

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- persistent negative impact on the livelihood of tobacco farmers and others dependent on tobacco. Studies by the Central Tobacco Research Institute (CTRI) indicate that on account of agro-climatic conditions, there is no equally remunerative alternate crop that can be grown in the FCV tobacco growing regions of the country.

Your Company continues to engage with policy makers for a framework of pragmatic, equitable, non-discriminatory, evidence-based regulations and taxation policies that balance the economic imperatives of the country and tobacco control objectives, cognising for the unique tobacco consumption pattern in India. Stability in taxes is critical for addressing the interests of all the stakeholders of this industry, including the tobacco farmers, the Exchequer and the consumers.

As in the past, the research and development initiatives of your Company continue to add to the country's bank of Intellectual Property Rights (IPR). In addition to grant of several patents in earlier years, it is deeply satisfying to report that your Company has been granted six more patents during the year.

Manufacturing facilities continue to be modernised by inducting contemporary technologies to drive innovation and secure higher levels of productivity and product excellence. New benchmarks were set in areas of quality, sustainability, supply chain responsiveness and productivity. Cutting-edge technologies such as Industry 4.0 and Data Sciences were leveraged to build a smart manufacturing environment of connected systems. These initiatives, coupled with innovative capabilities, in-house design and development expertise, have further improved the speed-to-market of new launches and augmented the innovation pipeline of the Business.

It is extremely satisfying to report that your Company continued to be recognised for its commitment towards operational excellence. The Bengaluru and Ranjangaon units were adjudged 'Winner' in Frost and Sullivan 2021 Project Evaluation & Recognition Program (PERP) in Robotics & Automation, Quality Excellence, and Artificial Intelligence categories in the Manufacturing Sector.

In line with your Company's commitment to the 'Triple Bottom Line', the Business has put in focused efforts through innovative interventions for resource conservation and adoption of best-in-class technologies and processes. More than 50% of the total energy used by the Business is generated from renewable sources. Various interventions over the years like investments in renewable energy sources, continued wheeling of wind energy through interstate open access and purchase of renewable energy from Indian Energy Exchange (IEX) have enabled the same. Sustainability initiatives of the Business continued to be recognised with Saharanpur, Kidderpore and Bengaluru units receiving the 'National Energy Leader Award', 'Excellent Energy Efficient Unit Award' and 'Energy Efficient Unit Award' respectively at the CII National Award for Excellence in Energy Management 2021. The Munger unit received 'Most Innovative Project Award' at the CII National Award for Environmental Best Practices 2021. The 21 MW wind farm in Karnataka also received 'Best Performing Wind Farm Award' in Karnataka, Andhra Pradesh & Telangana by Indian Wind Power Association for FY 2020-21. The Kidderpore unit won the EFI CII National Award for 'Significant Achievement in Employee Relations 2021' for excellence in Employee Relations practices.

Manufacturing facilities continue to be modernised by inducting contemporary technologies to drive innovation and secure higher levels of productivity and product excellence.

While respite from further increase in taxes has provided the legal cigarette industry an opportunity to claw back volumes lost to illicit trade, the operating environment remains challenging due to elevated levels of taxation, high share of illicit trade and disproportionate regulatory pressures. Notwithstanding these challenges, your Company remains confident of responding with agility to the dynamic environment and fortifying its market standing in the legal cigarette industry leveraging its superior strategies, future-ready portfolio, robust innovation pipeline, cutting-edge manufacturing & digital technologies and best-in-class execution capabilities.

FMCG – OTHERS

During the year, the FMCG industry witnessed moderation in growth mainly due to subdued demand conditions especially in rural markets, high inflation eating into household budgets and high base effect in certain categories such as Staples & Convenience Foods. Health & Hygiene personal care products witnessed demand volatility in line with varying intensity of the pandemic, while remaining significantly above pre-pandemic levels. Discretionary/Out-of-Home categories witnessed strong growth on a favourable base and surpassed pre-Covid levels driven by improved mobility and progressive return to normalcy. The year saw an unprecedented increase in prices of key inputs such as edible oils, packaging materials, soap noodles, fuel, logistics, etc. which exerted considerable pressure on margins. This was mitigated by adopting a comprehensive approach across the value chain entailing sharp focus on cost management, portfolio premiumisation, competitive trade and marketing investments, fiscal incentives, supply chain agility and judicious pricing actions.

Notwithstanding the challenging conditions prevailing during the year, your Company's FMCG businesses recorded Segment Revenue of ₹ 15994.49 crores representing an increase of 8.6% over the previous year. Segment EBITDA for the year grew by 10.0% to ₹ 1448.97 crores with margins being sustained at 9.1% in spite of unprecedented inflation in input costs as aforesaid.

A consumer-centric approach, backed by speed and agility in execution, was at the core of your Company's response in navigating the heightened uncertainty and volatility in the operating environment. Digital technologies and platforms continue to be leveraged to effectively service emergent consumer demand across channels.

Your Company remains focused on building purpose-led brands powered by agile innovation and anchored on larger consumer needs. The Businesses continue to leverage digital technologies and platforms towards enhancing consumer experience. Strategic interventions in this area are aimed at delivering delightful brand experiences seamlessly across touchpoints through personalised journeys mapped to individual's needs, preferences and context. The Businesses continue to increasingly leverage 'Sixth Sense', the Marketing Command Centre and Consumer Data Hub – an AI-powered hyper-personalised platform backed by a robust partner ecosystem for content and data - to gain insights on market trends and consumer behaviour, and synthesise the same to craft contextual and hyper-personalised brand communication and product development. Over 3,000 content assets have been deployed leveraging this capability within a relatively short span of time at significantly lower cost.

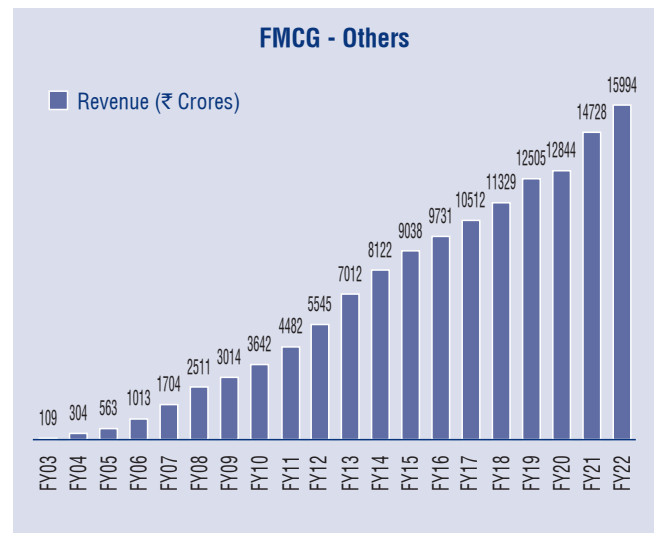
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Your Company continues to leverage deep consumer insights and cutting-edge R&D capability to fuel growth by addressing present and emergent consumer need spaces. Over 110 new products were launched across target markets during the year, leveraging the robust innovation platforms of your Company's Life Sciences and Technology Centre (LSTC).

Cutting-edge digital technologies including Industry 4.0, Advanced Analytics, Big Data and industrial Internet of Things (IoT) continue to be deployed towards strengthening your Company's real time operations and execution platform. Several digitally powered interventions are underway towards enhancing productivity, driving efficiency and reducing costs. These initiatives are anchored on the key pillars of synchronised planning and forecasting, next generation agile supply chain, smart manufacturing and sourcing, and smart demand capture and fulfilment. Strategic investments are also being made towards enhancing value creation leveraging data and analytics. Key interventions include augmenting your Company's NextGen data architecture powered by Artificial Intelligence/ Machine Learning (AI/ML), identifying and prioritising use cases for impactful outcomes and setting up a Data Science academy comprising data scientists and engineers to strengthen data and analytics programmes.

The FMCG Businesses comprising Branded Packaged Foods, Personal Care Products, Education and Stationery Products, Incense Sticks (Agarbattis) and Safety Matches have grown at an impressive pace over the past several years.



Your Company's vibrant portfolio of over 25 world-class Indian brands, largely built through an organic growth strategy in a relatively short period of time, represents an annual consumer spend of over ₹ 24000 crores and reach over 200 million households in India. These home-grown, purpose-led Indian brands support the competitiveness of domestic value chains, especially in the agri space, thereby ensuring creation and retention of value within the country.

Your Company's FMCG brands have achieved impressive market standing⁴ in a relatively short span of time in their respective categories viz. Aashirvaad is No. 1 in Branded Atta, Bingo! is No. 1 in the Bridges segment of Snack Foods (No. 2 overall in Snacks & Potato Chips), Sunfeast is No. 1 in the Cream Biscuits segment, Classmate is No. 1 in Notebooks, Engage is No. 1 in women's Deo, Savlon is No. 1 in Surface Disinfectant spray, Mangaldeep is No. 2 in Agarbattis (No. 1 in Dhoop segment), Nimyle is No. 2 in Floor Cleaners (No. 1 in Herbal Floor Cleaners) and YiPPee! is No. 2 in Noodles.

⁴ Source: Nielsen, Kantar Household Panel

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Your Company remains focused on rapidly scaling up the FMCG businesses anchored on strong growth platforms and a future-ready portfolio. It is pertinent to note that these categories, which are largely characterised by low household penetration levels and/or low per capita consumption, offer significant headroom for long-term growth. This is borne out by several reports which highlight that your Company's total addressable market expansion potential is amongst the highest in the Indian FMCG space. In this context, it is pertinent to note that your Company is well poised to address adjacent growth opportunities by leveraging the 25+ powerful mother brands it has established over the years. Recent examples of such brand extensions include Aashirvaad to Dairy, Ready-to-Eat, Vermicelli, Salt and Spices; Sunfeast to Dairy Beverages and Cakes; Bingo to Namkeens; ITC Master Chef to Frozen Snacks and cooking pastes; Savlon to surface and clothes disinfectant sprays, sanitizers, masks, etc. Simultaneously, the FMCG Businesses continue to make strategic investments in building categories of the future and establishing your Company's 'right to win' by progressively scaling up those nascent categories where beachheads have been created. Your Company is also proactively pursuing value accretive acquisition, joint venture and collaboration opportunities in strategic areas towards accelerating growth and value creation.

The FMCG Businesses continue to expand their export footprint leveraging the equity of their world-class brands – with a reach now spanning over 60 countries. The recently announced PLI Scheme is expected to provide further fillip to exports of your Company's products across Biscuits & Cakes, Snacks, Dairy and Ready-to-Eat categories. Your Company also continues to explore opportunities in proximal markets as a potential vector of growth going forward.

The FMCG Businesses continue to create structural competitive advantages and enhance profitability by leveraging world-class distributed infrastructure, multi-channel distribution network, delayed operations, smart buying & value engineering and smart manufacturing anchored on the twin pillars of digital and sustainability. Investments over the years in several state-of-the-art Integrated Consumer Goods Manufacturing and Logistics facilities (ICMLs) have laid a strong foundation to drive structural advantages such as ensuring product freshness, enhancing agility and responsiveness of the supply chain, reducing cost of servicing proximal markets through lower distance-to-market etc. Capacity utilisation at the 10 operational ICMLs continues to be ramped up along with focused smart manufacturing interventions leveraging automation and Industry 4.0 technologies to drive operational efficiencies, yield and energy management and further enhance safety and quality. With increasing scale, supply chain operations are being increasingly delayed through direct-to-market shipments thereby reducing freight costs and eliminating multiple handling. Your Company is confident that these strategic interventions which are already delivering substantial benefits will realise their full potential over the medium term and continue to create long-term value.

The unprecedented inflationary headwinds pose significant challenges in the near term and remain a key monitorable for the FMCG industry. Your Company continues to take proactive measures to counter the impact of such headwinds across all nodes of operations and deliver competitively superior performance leveraging its institutional strengths and harnessing advantages of scale, smart buying initiatives and world-class talent in a consumer-centric, agile and innovative manner.

Capacity utilisation at the 10 operational Integrated Consumer Goods Manufacturing and Logistics facilities continue to be ramped up along with focused smart manufacturing interventions leveraging automation and Industry 4.0 technologies to drive operational efficiencies, yield and energy management and further enhance safety and quality.

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Notwithstanding the short-term challenges, the structural drivers of long-term growth such as rising disposable incomes and consumer awareness, low levels of penetration of consumer goods, favourable demographics, increasing urbanisation and growing preference for trusted brands remain firmly in place in India. Your Company remains confident of rapidly scaling up its FMCG Businesses on the back of a strong future-ready portfolio powered by world-class quality, superior consumer insights and product quality, cutting-edge innovation, agile and efficient supply chain and purpose-led brands. The Businesses will continue to leverage their institutional strengths viz. strong backward linkages with the Agri Business, a deep and wide multi-channel distribution network, cuisine knowledge resident in the Hotels Business, packaging knowhow and access to robust R&D platforms nurtured by LSTC. Investments in innovation, smart & agile value chains, state-of-the-art distributed manufacturing footprint and digital technologies will continue to be pursued to strengthen market standing and seize growth opportunities going forward.

Branded Packaged Foods

The recurring waves of the pandemic, continued supply chain disruptions, volatility in demand along with unprecedented inflationary headwinds, particularly in edible oil and packaging material, posed severe challenges to the Branded Packaged Foods industry during the year.

Against the backdrop of an extremely challenging operating environment as aforesaid, your Company sustained its position as one of the fastest growing branded packaged foods businesses in the country, leveraging a robust portfolio of brands, a slew of first-to-market offers, a range of distinctive products customised to address regional tastes and

preferences, supported by an efficient supply chain and distribution network.

The Branded Packaged Foods Businesses remain focused on addressing emerging consumer needs with innovations anchored on the vectors of health, wellness, immunity, naturals, indulgence and convenience. The Businesses launched several innovative and first-to-market products leveraging superior consumer insights, capabilities of your Company's Life Sciences and Technology Centre (LSTC) and the cuisine expertise resident in your Company's Hotels Business. While strengthening its core portfolio, the Businesses continue to explore opportunities in value-added adjacencies leveraging powerful mother brands and build categories of the future.

The Businesses continued to make sharp targeted brand building investments and scaling up their nascent categories. Clutter-breaking advertising campaigns and consumer engagement both in conventional and digital media along with focused market development efforts resulted in reinforcement of brand positioning for your Company's bouquet of world-class brands in the Branded Packaged Foods space. Digital campaigns launched during the year received wide recognition and won prestigious awards across leading platforms. Some of the key awards received during the year include 'A Lot Can Happen Inside' Gold for Best Brand Influencer Collaboration by IMAI for Sunfeast Dark Fantasy, 'Augmented Reality Snapchat Lens' Gold for Augmented Reality by Digital Crest Awards for Sunfeast YiPPee!, 'Leveraging a community to be the voice of the brand' Gold for Most Organic Campaign by Impact Digital Influencer Awards for Aashirvaad Atta and Best use of Digital Media by Digixx 2022 for ITC e-Store. Your Company also collaborated with several social influencers to deepen consumer engagement.

The Branded Packaged Foods Businesses remain focused on addressing emerging consumer needs with innovations anchored on the vectors of health, wellness, immunity, naturals, indulgence and convenience. The Businesses launched several innovative and first-to-market products addressing emerging consumer needs.

The Businesses continue to increasingly leverage ‘Sixth Sense’, the Marketing Command Centre and Consumer Data Hub. Focused consumer conversations and sharp cohort-based insights have enabled your Company’s world-class brands to create innovative marketing campaigns in both Web 2.0 & 3.0 (Gaming and Metaverse), with interventions using Augmented/Virtual Reality and Artificial Intelligence providing a unique opportunity to interact with next generation consumers. The rise of social commerce has created unique opportunities for brands to engage with their target audience using social media. During the year, your Company launched its first social commerce event – ITC Store Jugalbandi – a fusion of food and music, with the event being virtually hosted by ITC Store in association with ITC Master Chef Frozen Snacks.

Relentless focus on delivering superior quality products to consumers continues to be a key source of sustainable competitive advantage for the Branded Packaged Foods Businesses. In this context, the Businesses continue to leverage the agri-commodity sourcing expertise resident in your Company’s Agri Business to procure high quality raw materials thereby ensuring the highest levels of quality, consistency and safety of its products. In addition, each of your Company’s branded packaged food products is manufactured in HACCP/ISO-certified manufacturing locations ensuring compliance with all applicable laws and adherence to the highest quality norms.

- In the Staples Business, ‘Aashirvaad’ posted a resilient performance on a high base and fortified its market standing across geographies, while addressing emerging consumer preferences for healthy products and catering to regional tastes. The value-added portfolio, consisting of Multigrain, Select and Sugar Release Control Atta, posted

robust growth driven by higher salience in Modern Trade and e-Commerce channels. ‘Aashirvaad Nature’s Super Foods’, a differentiated range of products comprising Gluten Free Flour, Ragi Flour, Multi-Millet Mix, Organic Atta and Organic Dals continued their robust growth trajectory. These products are available across select General and Modern Trade outlets as well as leading e-Commerce platforms. The range of value-added products was further augmented with the launch of ‘Aashirvaad Vermicelli’ during the year. The Business also forayed into Frozen Indian Flat Breads (Paratha, Naan and Chapati) to service export markets. Focused and purposeful marketing inputs, consumer activations and region-specific interventions supported by sharply directed media investments, especially in digital platforms, enabled further improvement in Aashirvaad’s brand health metrics. Powered by the trust reposed by nearly 74 million households, your Company is confident of sustaining Aashirvaad’s position as India’s No. 1 Atta brand going forward.

As highlighted in prior years, the Business continues to contend with increased competitive intensity post the implementation of 5% GST on branded atta. While it has been the Government’s intention to provide relief of nil rate of GST only to small and local manufacturers thereby benefiting consumers with lower priced staple products, many unscrupulous players have used this distinction in rates as an attractive tax-evasion/avoidance opportunity, by classifying their products as unbranded or with a declaration that all actionable claims or rights associated with brand identity have been foregone, while continuing to market the product with brand names and distinct trademarks. This inequitable GST differential between branded and unbranded players has resulted in market

The Businesses continue to leverage the agri-commodity sourcing expertise resident in your Company’s Agri Business to procure high quality raw materials thereby ensuring the highest levels of quality, consistency and safety of its products.

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distortion, widening the price gap between national registered brands and local unregistered brands and acts as a disincentive to invest in value creation for the Food Processing sector.

Supported by its new positioning, 'Created by Sun and Sea - pure just like nature intended it to be', Aashirvaad Salt strengthened leadership in key focus geographies and posted healthy growth during the year. The two recently launched variants – Crystal salt in Southern markets and Proactive salt (15% Lesser Sodium) – were scaled up during the year.

In the Spices category, integration of M/s. Sunrise Foods Private Limited with your Company was successfully completed. The Sunrise brand delivered robust growth during the year and further strengthened its market standing as the leader in its core market of West Bengal on the back of increased market penetration and heightened consumer engagement initiatives. The brand was extended to other markets in the East/North East and is amongst the top spices brands in the region. The Business deployed region-specific communication strategy to enhance consumer engagement. 'Aashirvaad Spices' continues to enhance its presence in blended spices in emerging channels and core markets to enable full portfolio play. Together, the two brands are well positioned to leverage your Company's institutional strengths to progressively enhance their market standing further.

- After witnessing sharp growth in the previous year, the Biscuits category strengthened its portfolio leveraging superior capability across innovative product/technology platforms. The Business continued to focus on the premium segment to enhance brand affinity and increase penetration

in emerging channels. Unique capabilities in 'Fills' technology were leveraged to launch innovative variants, both under 'Sunfeast Dark Fantasy' and 'Sunfeast Bounce Fills' and create new benchmarks in the premium indulgence space. Product portfolio was augmented with the launch of 'Sunfeast Bounce Fills' in several exciting flavours - Orange Vanilla, Strawberry Vanilla and Choco Crème. The 'Sunfeast Dark Fantasy' range of differentiated cookies sustained its leadership position in the premium segment. The range was augmented with the launch of innovative variants – 'Sunfeast Dark Fantasy Vanilla Fills' and 'Sunfeast Dark Fantasy Desserts'. The Cakes portfolio was also strengthened with the launch of Sliced Cakes.

- Despite being impacted by multiple waves of the pandemic, the Snacks Business sustained its robust growth trajectory during the year, primarily driven by its core portfolio comprising 'Bingo! Tedhe Medhe', 'Bingo! Potato Chips' and the 'Bingo! Mad Angles' range. 'Bingo!' continues to be the market leader in the Bridges segment, and in the potato chips segment in South India. Several innovative variants were launched during the year including Cream & Onion flavour under Bingo! Potato Chips, 'Chatar Matar' under Bingo! Tedhe Medhe and Tomato flavour under 'Bingo! No Rulz Curlz'. The 'Tedhe Medhe' range of Namkeens was augmented with the launch of four new variants – Punjabi Tadka, Moong Dal, Navrattan Mix and Khatta Meetha. The Business enhanced consumer engagement through innovative and exciting communication initiatives leveraging the brand's association with Ranveer Singh.
- The Instant Noodles category witnessed normalisation of demand during the year after a sharp surge in previous year. Product portfolio was

Sunrise brand delivered robust growth during the year and further strengthened its market standing as the leader in its core market of West Bengal.

augmented with the launch of Max Masala in target markets. Innovative media campaigns, focused digital interventions and celebrity endorsements with MS Dhoni continued to create buzz around the brand, resulting in sustained traction with consumers. The 'YiPPee!' brand continued to strengthen its consumer franchise and consolidated its market standing as a strong No. 2 brand.

- The Ready-To-Eat (RTE) category grew significantly in the institutional and domestic segments led by Modern Trade and e-Commerce channels. In order to enhance consumer convenience, innovative microwavable pouches of products under the 'Kitchens of India' brand were introduced in the US and are receiving encouraging consumer response.

In the Frozen Snacks category, the range of 'ITC Master Chef' products comprising several differentiated variants continues to garner increasing consumer franchise. During the year, the Business expanded the portfolio by foraying into the 'plant based meat' space under the 'ITC Master Chef' brand. With rapidly evolving consumer tastes and preferences, this area is expected to offer substantial headroom for growth over the medium term. In addition, four new products were launched in the retail segment. In a short span of time, the Business has expanded availability to 100+ markets. Accessibility of the range is being further scaled up via e-Commerce and direct-to-home models, with product assortments being crafted for specific channels in line with consumer demand.

- In the Dairy & Beverages Business, the 'Aashirvaad Svasti' fresh dairy portfolio comprising pouch milk, pouch curd, lassi and paneer,

continued to gain strong consumer traction on the back of best-in-class quality standards and superior taste profile. These products are currently available in Bihar and West Bengal. During the year, value-added fresh dairy segment was augmented with the launch of a new mango flavoured lassi. The Business also introduced a bucket curd offering for its institutional customers. In order to further broaden its portfolio, the Business launched 'Mishti Doi', a traditional delicacy of West Bengal, in cup format under the Aashirvaad Svasti brand. The Business also launched Aashirvaad Svasti Easy Digest Milk – West Bengal's first lactose-free milk in pouch format, to fulfil dairy needs for those seeking solutions to milk indigestion issues without compromising on nutrition and taste. Aashirvaad Svasti Ghee continued to receive excellent product feedback and garner increasing consumer franchise. The Sunfeast range of milk shakes was augmented with the launch of Protein Shake and Mango Smoothie and are being extended to target markets.

The 'B Natural' range of juices faced severe disruptions during the peak summer season in FY 2021-22 due to the second wave of the pandemic. Amidst extremely challenging circumstances, B Natural continued to deepen consumer connect by leveraging its 'goodness of fruit and fibre' proposition. The product portfolio was augmented with launch of differentiated variants of 'B Natural-Nutrilite'; these 'No added sugar' products were developed leveraging LSTC's expertise in nutrition and Nutrilite's ingredients. In recent years, the Business has strengthened presence in the rapidly emerging Direct to Consumer (D2C), Travel and QSR segments. Partnerships with alternate delivery

In the Frozen Snacks category, the range of 'ITC Master Chef' products comprising several differentiated variants continues to garner increasing consumer franchise.

During the year, the Business expanded the portfolio by foraying into the 'plant based meat' space under 'ITC Master Chef' brand.

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channels enhanced product availability in spite of disruptions in traditional trade channels.

These strategic alliances along the vectors of portfolio, product and positioning have laid a strong foundation to enhance the market standing of the B Natural range going forward.

- In the Chocolates, Coffee & Confectionery Business, the Confectionery category witnessed progressive recovery and continued to focus on building its premium portfolio leveraging ‘Fantastik Choco Sticks’ and ‘Jelimals’. The Fantastik range was augmented with the launch of a vanilla variant while the Jelimals range was enhanced with the launch of ‘Jelimals Nutrition+’ (vitamin fortified jellies), ‘Jelimals Yummy Space Jellies’ – an exciting format with space themed jellies and ‘Jelimals Tasty Sparkles’.

‘Fabelle’ chocolates continue to perform well in the luxury segment and received encouraging product and market feedback. During the year, availability of Fabelle was enhanced through Quick Commerce in Delhi and Bengaluru; alternate platforms including the ITC e-Store, e-Commerce channels, food delivery aggregators and the takeaway menus of ITC Hotels continue to be leveraged to enhance product accessibility. Fantastik Chocobar XL, launched last year in the popular segment at convenient price points, continued to garner positive consumer traction; availability of the product was further scaled up during the year.

- ‘Sunbean Beaten Caffè’, a unique ready-to-use beaten coffee paste that produces a rich, creamy and frothy cup of coffee, continues to receive favourable response from discerning consumers. The Business has also introduced a premium ‘Strong’ variant for consumers demanding a stronger cup of coffee.

- Acute shortage in container availability and steep increase in ocean freight rates adversely impacted exports in the first half of the year. However, the business bounced back strongly in the second half, powered by the growing franchise of your Company’s brands amongst the Indian diaspora. The Branded Packaged Foods Businesses currently export to nearly 60 countries across the globe. Going forward, the Businesses propose to rapidly scale up exports across categories by leveraging the brand equity of core brands such as Aashirvaad, Sunfeast and Kitchens of India and investment-led incentives under the Government of India’s PLI Scheme.
- New launches across categories continue to garner excellent consumer response and are being scaled up in the target markets.

Over the years, your Company has invested in setting up state-of-the-art Integrated Consumer Goods Manufacturing and Logistics facilities (ICMLs) proximal to large demand centres. These facilities are at the heart of your Company’s strategy to create structural advantage by enhancing product freshness, improving market responsiveness, reducing the cost of servicing proximal markets and ensuring the highest standards of product hygiene, safety and quality. The ICMLs also enable scalability, besides setting new benchmarks in quality, safety, productivity and process excellence.

Your Company commissioned a new ICML at Medak, Telangana in March 2022. With this, ten ICMLs are operational in locations proximal to large demand centres enabling delivery of fresher products, reduction in distance to market and higher cost agility. Capacity utilisation at existing ICMLs continued to be ramped up. Several of these manufacturing facilities represent industry leading gender diversity in the labour force. With every successive ICML coming on-stream, the representation of women

The Branded Packaged Foods Businesses currently export to nearly 60 countries across the globe. Going forward, the Businesses propose to rapidly scale up exports across categories by leveraging the brand equity of core brands such as Aashirvaad, Sunfeast and Kitchens of India and investment-led incentives under the Government of India’s PLI scheme.

has progressively increased, with the recent ICMLs at Pudukkottai and Medak having women representation at 79% and 100% of the on-roll labour force, respectively. The ICML units received several prestigious awards and accolades during the year from leading industry bodies such as the Confederation of Indian Industry (CII), Union Ministry of Labour & Employment, Food and Agriculture Centre of Excellence, etc. for their high standards of safety, quality, operational excellence and benchmarks in green and sustainable manufacturing.

The Business implemented several strategic cost management initiatives in areas such as supply chain optimisation, smart procurement and productivity improvement through automation, leveraging new-age technologies such as Industry 4.0 and smart utilities. These interventions aided in partially mitigating the steep escalation in input costs, absorbing start-up costs of new facilities and strategic investments in brand building for new categories viz. Dairy, Juices, Chocolates and Coffee.

A big thrust on India's Food Processing sector, which lies at the intersection of value-added agriculture and manufacturing, can lead to significant job creation. The sector also holds immense potential to enhance rural incomes and help manage food inflation. Recognising this potential and headroom for growth in the Indian market, your Company has made significant investments in food processing and remains focused on establishing itself as the leading player in the branded packaged foods industry. The PLI Scheme for the food processing industry, with an estimated outlay of ₹ 10900 crores, is expected to not only boost farmer incomes but also infuse fresh investments, build Indian brands for the global market and promote exports. Your Company has been included under the PLI Scheme towards sales-based incentives in the Ready to Eat, Fruits &

Vegetables and Marine categories respectively, as well as for incentives towards expenditure incurred for branding and marketing in export markets.

Your Company is well poised to strengthen its position as one of the fastest growing food companies and the 'most trusted provider of food products' in the Indian market in line with its purpose to 'Help India Eat Better'. Your Company remains confident of rapidly scaling up the Branded Packaged Foods Businesses leveraging the strong growth platforms nurtured over the years in chosen categories which offer immense headroom for growth and powerful purpose-led mother brands that have the potential to be extended to address opportunities in adjacent spaces. In addition, your Company's deep & wide multi-channel distribution network, with growing presence in emerging channels such as e-Commerce, Modern Trade, on-the-go and institutional sales, continues to deliver competitive advantage through superior product availability, visibility and freshness. Recent investments in establishing a world-class distributed manufacturing footprint have created a solid foundation to secure structural advantage over time. Cutting-edge R&D platforms of your Company's LSTC are driving agile innovation and faster turnaround times for introduction of differentiated & first-to-market products catering to constantly evolving consumer needs. Investments in leading-edge digital technologies and platforms continue to be stepped up across the value chain to drive competitive advantage.

Personal Care Products

The operating environment during the year under review was rendered extremely challenging with the twin effects of recurrent pandemic waves and persistently high levels of commodity inflation. Industry volumes remained under pressure due to sharp increase in inflation constraining household

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budgets, especially in the latter half of the year. Rural markets also remained subdued, with the second wave of the pandemic causing significant disruptions. Further, the Health & Hygiene segment, which had grown significantly last year, witnessed marked volatility in demand in line with the varying intensity of the pandemic, albeit remaining above pre-pandemic levels.

Your Company's Personal Care Products Business continued to demonstrate agility and responsiveness to the dynamic market conditions leveraging its core strategic levers of building brands with purpose, first-in-category innovations, focus on categories of the future and accelerating presence in emerging channels. Improved product availability and agile response to demand volatility enabled the Business to navigate the challenging operating environment during the year.

In the Personal Wash segment, 'Fiama' continued to strengthen its brand equity of 'joyful bathing and mood upliftment', registering healthy growth over the previous year. This was driven by increase in direct distribution and household penetration and growth in e-Commerce channel. Catering to the emerging consumer preference for Naturals, the Business launched innovative offerings in the gel bar format viz. 'Fiama Amyris & Cedarwood Oil' and 'Fiama Green Apple & Brazilian Orange Oil'. The Vivel range of soaps continued to be well received by consumers. Both Fiama and Vivel have been frontrunners in adopting sustainable packaging. The carton soap portfolio for both brands has fully migrated to recyclable paperboard cartons; Vivel wrapped soap portfolio has also been transitioned to recyclable packaging. Further, Fiama Shower Gel bottles are now made with 30% Post-Consumer Recycled (PCR) material. These innovative packaging solutions have been developed leveraging the synergistic capabilities of

your Company's Packaging and Printing Business and Life Sciences and Technology Centre (LSTC) and are a testament to your Company's philosophy of embedding sustainability into its business value chains.

'Savlon' reinforced its position as one of the most preferred brands for expert germ protection. In spite of demand volatility in line with COVID caseload intensity, sales of Health and Hygiene portfolio remains significantly above pre-pandemic levels. Leveraging the brand's strong 'germ-protection' equity, the portfolio was augmented with the launch of 'Savlon Powder Handwash' in consumer-friendly low unit packs to democratise the category by generating trials and driving penetration. The brand continues to be the clear market leader in Surface Disinfectant spray category. As per IQVIA survey, Savlon has emerged as the 'Doctors' Most Trusted' brand in Antiseptic Liquid, Handwash and Surface Disinfectant Spray categories.

The Business leveraged the 'Nimyle' brand and the equity associated with 'Nim' to expand presence in the Home Hygiene segment. During the year, Nimyle recorded strong growth and strengthened its leadership position in West Bengal and Odisha. The brand was rolled-out nationally and continued to garner increasing consumer franchise backed by clutter-breaking communication anchored on Naturals proposition coupled with product's efficacy against virus strains. 'Nimeasy' - an enzyme-based eco-friendly Dishwash Gel launched recently continued to gain encouraging response premised on its differentiated positioning.

The Fragrance industry continued to be impacted on account of the pandemic as mobility restrictions reduced occasions of product use. As a result, category penetration levels have witnessed a decline over the last two years. Notwithstanding these

Your Company's Personal Care Products Business continued to demonstrate agility and responsiveness to the dynamic market conditions leveraging its core strategic levers of building brands with purpose, first-in-category innovations, focus on categories of the future and accelerating presence in emerging channels.

challenges, the Business registered strong growth on a relatively soft base and is expected to pick-up to pre-pandemic levels in the near term. The Business continued to introduce innovative products during the year; the range was augmented with the launch of L'amante Click & Brush Perfume Pen, a unique gel-based perfume in the premium segment as well as four new variants of deodorants - Floral Zest, Garden Mystique, Ocean Zest, Spice Mystique. The Business also launched 'Engage ON Chhota pocket' as a value-for-money offering and a new 'Moderna' range designed especially for Modern Trade and e-Commerce channels. Leveraging the capabilities of your Company's Life Sciences and Technology Centre, the Business launched 'Engage Fragrance Finder', an AI-powered, technology-enabled experience that aids the selection of fragrances based on the consumer's preferences and occasion of usage. The 'Engage L'amante' and 'EDW Essenza' range of fragrances continues to receive encouraging response from discerning consumers and is well positioned to address the increasing trend of premiumisation witnessed particularly in the e-Commerce channel.

The Business continued to strengthen its presence in the premium skincare space through its digital-first brand, 'Dermafique' and in the popular space through 'Charmis'. Growth in the skincare category was driven by sharply focused marketing initiatives, product and brand refresh and vibrant communication campaigns.

In keeping with its strategy of winning in emerging channels, the Business bolstered its presence in the rapidly growing e-Commerce channel and continues to widen its assortment of offerings tailored to consumer needs. During the year, salience of the e-Commerce channel stood at double digits for the Business.

In furtherance of your Company's strategy to scale up presence in the naturals and ayurvedic space

as well as in the fast-growing D2C channel, during the year, your Company acquired a minority stake in 'Mother Sparsh', a premium ayurvedic and natural personal care startup, with focus on mother and baby care segments. Further, in April 2022, your Company acquired a minority stake in 'Mylo', a full stack community eco-system which addresses the parenting needs of consumers. The investments will enable your Company to progressively enhance presence in this area which has enormous growth potential, besides leveraging its early mover advantage in the rapidly evolving D2C space.

The Business continued to leverage creative brand campaigns and social media platforms towards deepening consumer engagement through purpose driven brands across its portfolio. Vivel's #RespectWorkForHome campaign, which subtly spotlights the chores enabling smooth functioning of a household as being no different from managing work at a professional workplace, resonated well with the target consumers. In order to promote mental wellness, Fiama launched 'Virtual Therapy' sessions in association with 'MINDS Foundation' to encourage proactive conversations and awareness on mental well-being.

Your Company is setting up a state-of-the-art Personal Care and Home Care products manufacturing unit in Uluberia, West Bengal, in line with its strategy of building in-house manufacturing capabilities for products with unique formulations, enhancing supply chain agility and responsiveness, and reducing distance to market.

Manufacturing excellence continues to be accorded the highest priority, with all three Company-owned units at Haridwar, Manpura and Guwahati continuing to be Five-S certified by the Quality Circle Forum of India. The Haridwar unit won the HR Excellence

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'Platinum' category award for large-scale organisations from the Professional Network Group of India for 'Excellence in COVID Management'. The unit was also conferred Best Environmental Practices Award by CII in May 2021.

Your Company's strategic focus in recent years has been to invest behind emerging need spaces spanning health & hygiene, fragrances, naturals and liquids. This has been supported by superior consumer insight discovery processes, agile innovations, purpose-led brands and impactful communication in digital and conventional media. Access to institutional strengths such as robust R&D platforms resident in LSTC, state-of-the-art in-house packaging knowhow and your Company's multi-channel distribution network continue to be leveraged to rapidly scale up the Business. Your Company, with its future-ready portfolio and purpose-led brands, is well positioned to seize the opportunities and emerge as a significant player in this space.

Education and Stationery Products

The Education and Stationery products industry, which was severely impacted in FY 2020-21 due to the pandemic, witnessed gradual recovery towards the end of the year under review driven by progressive resumption of physical classes at educational institutions; however, sales remained below pre-pandemic levels. Inflationary headwinds in commodity prices also exerted pressure on margins.

The Business reinforced its market leadership position in the industry, delivering a competitively superior performance driven by portfolio premiumisation, judicious pricing actions, enhanced presence in alternate channels and continued focus on cost and working capital management.

The Business continued to leverage its innovation platform in collaboration with your Company's

Life Sciences and Technology Centre to launch differentiated products of superior quality. The Notebook portfolio was augmented with the launch of 'A5' notebooks under the 'Classmate Pulse' range catering to the youth segment. The recently launched 'Classmate Interaktiv' series was also scaled up during the year and continues to receive encouraging consumer response. During the year, the Business strengthened its reach in the youth and economy segments of the notebook industry through 'Classmate Pulse' and 'Saathi' brands respectively. The Institutional channel was also leveraged by increasing the reach to educational institutions. The Writing Instruments portfolio was bolstered with the launch of 'Classmate UVO' pens for school students.

The multi-channel capability of your Company's strong distribution network was leveraged to enhance availability and drive sales. Proactive management of inventory and receivables helped reduce working capital intensity and manage risks associated with a highly uncertain operating environment. The Business sustained its leadership position on e-Commerce platforms through consistent availability of customised product assortments backed by focused interventions to enhance consumer traction. Consumer engagement was further enhanced through Classmateshop.com, a D2C platform, which facilitates brand affinity through creative product personalisations. During the year, Classmateshop.com was awarded 'Silver' in the ET Brand Equity Disruption Awards under the Education category.

The Business continues to ramp up capacity utilisation of its dedicated notebook manufacturing facility at Vijayawada. Equipped with state-of-the-art technology, the facility enables the Business to develop highly differentiated notebook formats, drive cost reduction and address opportunities in

The Education and Stationery Products Business reinforced its market leadership position in the industry, delivering a competitively superior performance driven by portfolio premiumisation, judicious pricing actions, enhanced presence in alternate channels and continued focus on cost and working capital management.

overseas markets. During the year, the Business expanded its exports footprint to newer markets and successfully onboarded large global retailers leveraging capabilities at the aforesaid facility.

The Classmate and Paperkraft range of notebooks leverage your Company's world-class fibre line at Bhadrachalam - India's first ozone treated elemental chlorine free facility - and embody the environmental capital built by your Company in its paper business. The Business continued to scale up the premium Paperkraft range of world-class notebooks using Forest Stewardship Council (FSC®) certified paper, made at your Company's paper mill.

With over 250 million school going students, India has one of the largest education systems in the world. The Indian Education and Stationery Products industry holds immense potential driven by growing literacy, increasing enrolment ratios, the Government's continued thrust on the education sector and a favourable demographic profile of the country's population. Your Company, with its strong brands, robust product portfolio, collaborative linkages with small & medium enterprises and superior distribution network is well poised to further strengthen its leadership position in the industry.

Incense Sticks (Agarbattis) and Safety Matches

After the disruptions witnessed in the previous year, the Agarbatti industry surpassed pre-pandemic levels during the year, driven by gradual opening of markets and places of worship across the country.

'Mangaldeep' Agarbattis and Dhoop enhanced household penetration leveraging its robust product portfolio. The Business continued to drive brand salience through sharply focused marketing interventions, and a differentiated and superior product experience with a deep connect to devotion. Proactive steps were also taken towards driving product mix

enrichment and cost optimisation. The Business mitigated inflationary headwinds during the year by leveraging economies of scale, driving sourcing efficiencies and ensuring smart procurement.

In line with its vision to enable the pursuit of devotion for every consumer, Mangaldeep focused its brand interventions on digital media to reach out to devotees who were unable to visit places of worship during the pandemic. Interventions such as 'Live Pujas' initiated during the first wave of the pandemic were further scaled up during the year, thereby deepening engagement with devotees. The Mangaldeep App, which has garnered over 1 million downloads, continues to play a key role in the devotional journey of consumers.

The Business continues to strengthen its core portfolio through focused media investments, consumer-centric portfolio extensions and enhanced accessibility. Innovative product offerings such as the Upaveda range of 'Naturals' agarbattis drawing inspiration from ancient scriptures were launched during the year under the Mangaldeep brand.

Over the years, the Business has implemented several measures to enhance the competitiveness of the agarbatti value chain in India. These include import substitution and backward integration of sourcing raw materials and manufacturing raw battis using indigenous inputs. The Business has been a pioneer in developing domestic manufacturing capabilities for raw battis and is also working closely with the Government under the aegis of the National Bamboo Mission and other nodal agencies of state governments for cultivating bamboo plantations in the country.

The proactive measures implemented by your Company, as highlighted above, sub-serve the national priorities of employment generation and

The Agarbattis Business continues to strengthen its core portfolio through focused media investments, consumer-centric portfolio extensions and enhanced accessibility. The Mangaldeep App, which has garnered over 1 million downloads, continues to play a key role in the devotional journey of consumers.

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provide a source of competitive advantage to the Business while contributing towards enhancing income of bamboo farmers in the agarbatti stick and raw batti manufacturing value chain.

Amidst sluggish demand conditions in the Safety Matches industry, the Business strengthened its market leadership position by leveraging its robust product portfolio and strong distribution network backed by an agile and highly responsive supply chain. The Business continues to focus on scaling up the share of value-added products in its portfolio and enhancing supply chain efficiency by sourcing products manufactured closer to markets.

TRADE MARKETING & DISTRIBUTION

Your Company's Trade Marketing & Distribution (TM&D) vertical demonstrated a high degree of agility and responsiveness to mitigate the heightened uncertainty and market disruptions caused by the pandemic during the year. Concerted actions were taken across all nodes of operations to ensure efficient market servicing and availability of your Company's products. These include realignment of distribution infrastructure, deployment of innovative delivery models, strategic partnerships, enhanced usage of digital technologies and focused approach to accelerate growth in emerging channels.

Against the backdrop of significant variability in demand, TM&D continued to focus on shorter demand planning cycles, sharper demand forecasting leveraging data analytics, optimised nodes of distribution and direct-to-customer/market deliveries to ensure timely access to your Company's wide range of products.

The dynamic interplay of varied and evolving consumer preferences, multiplicity of channels including emergence of new channels, diverse

demographic profiles, vast geographical landscape along with multifaceted socio-economic factors pose a high degree of complexity for distribution of FMCG products in India. Given the varied set of needs and challenges associated with each channel, TM&D continues to sharpen channel-specific strategies to efficiently service consumer demand across the country. Critical insights into consumer behaviour and channel-specific trends gained over the years are being continuously leveraged to deliver superior performance in terms of availability, visibility and freshness. The rapid growth of Modern Trade & e-Commerce channels and the emergence of several new players in recent years, have also warranted crafting of differentiated market/outlet specific strategies to seize the emergent opportunities.

Your Company's multi-channel distribution network, which facilitates availability of its products in nearly seven million retail outlets, was further strengthened during the year with the addition of new markets and outlets to its direct servicing base. Market and outlet coverage were stepped up to appx. 1.4x and 1.1x respectively over the previous year. In rural markets, your Company continued to roll out market-specific interventions to enhance direct coverage on the basis of socio-economic indicators and market potential to achieve growth rates higher than industry and support enhanced scale of operations going forward. Direct reach enhancement in rural markets was supported through a hub and spoke distribution model with the expansion of rural stockists network to 1.4x over previous year and collaborations with rural-focused eB2B players. Your Company's extensive e-Choupal network and deep connect with rural entrepreneurs were also leveraged in key geographies to build local connect and carry out extensive consumer engagement activities. These initiatives helped in substantially mitigating the impact of disruptions

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in the traditional wholesale channel and enhancing distribution reach in rural markets. The Food Service and Institutional channels also registered robust growth during the year leveraging existing partnerships and enhancement of product range. Further, new routes-to-market were unlocked during the year through several strategic partnerships to deepen capabilities catering to specialised segments including ‘on-the-go’ consumption, direct marketing and QSRs.

Urban markets continue to witness increasing channel shift with proliferation of emerging channels/eB2B players impinging on the performance of traditional wholesale/retail channels. In line with its multi-channel strategy, your Company continued to invest in strengthening traditional trade by leveraging digital technology. Continuing its focus on automation, data-led insighting and machine-learning enabled solutions, your Company has implemented a slew of innovations to drive field-force productivity and performance in urban markets. Customised servicing basis outlet potential and retail engagement programmes were deployed to stimulate demand for your Company’s products with enhanced focus on premium grocery outlets.

As reported earlier, your Company was amongst the frontrunners in the industry to launch an app-based anytime ordering system for retailers – UNNATI. The digitally powered eB2B platform was rapidly scaled up during the year covering nearly 3 lakh outlets within a short span of time since national launch facilitating sharp and direct engagement with retailers, superior analytics, personalised recommendations of hyperlocal baskets based on consumer purchase insights, and deeper brand engagement. Your Company also scaled up VIRU (Virtual Salesman), a technology solution to enable contactless ordering by retailers and direct communication with trade,

especially during times of limited mobility or absence of salesforce, using Machine Learning for hyper-personalisation.

During the year, TM&D continued to focus on enhancing availability in markets proximal to its ICMLs through increased awareness levels, product trial generations, expansion of distribution reach and consumer promotions.

The Modern Trade channel witnessed robust growth on the back of improved mobility and store footfalls. In addition, reach expansion in Tier 2 and Tier 3 cities coupled with omni channel presence also aided growth. Cash and Carry format, which operates in the B2B space, continued to grow rapidly. Your Company’s business with Modern Trade continued to grow on the back of a format-based assortment approach catering to the needs of a diverse set of shoppers with category specific sell-out strategies. Agile supply chain initiatives including collaborations with eco-system partners led to enhanced operational and execution efficiencies.

Significant increase in internet penetration led by smartphones, growing adoption of digital payments, attractive loyalty programmes, wide assortment of products and faster deliveries continue to drive the rising salience of e-Commerce channel. Your Company collaborated with leading e-Commerce platforms on all aspects of operations i.e. category development, marketing, supply chain and customer acquisition. This was augmented by development of exclusive and relevant pack assortments, driving ‘Digital First’ brands and enabling platform discoverability through jointly curated campaigns. Joint Business Plans, built and executed in close co-ordination with e-Commerce platforms, further consolidated the market standing of your Company.

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Further, the presence of your Company's brands in Health and Hygiene space was strengthened on e-Commerce channel with the addition of new partners. Sales through the e-Commerce channel stood at 3x over FY 2019-20 levels, taking the channel salience to 7%.

'ITC e-Store', your Company's exclusive D2C platform, is now operational in 15 cities and continues to receive excellent consumer response. Powered by state-of-the-art digital technology and robust fulfilment infrastructure, the platform offers consumers on-demand access to a wide range of your Company's FMCG products across 45+ categories and over 700 products under one roof. Your Company continues to scale up its presence in the rapidly growing emerging channels and has further expanded availability of its products with new trade partners on Quick Commerce and Social Commerce platforms.

The scale and diversity of your Company's distribution network continues to be a critical lever to enhance market presence, gain valuable insights into consumer & trade behaviour and provide speed and scale of execution for launches across geographies. In order to effectively leverage new routes-to-markets and meet the assortment needs of emerging channels, your Company also executed over 110 new product launches across target markets besides extending distribution reach of several existing products in the portfolio.

TM&D continues to leverage cutting-edge digital technologies to drive productivity, improve market servicing, draw actionable insights for sharp-focused interventions, augment sales force capability and deepen connect with retailers. Technology enablement in the form of customised mobility and routing solutions, machine learning algorithms, data science models, data analytics comprising insightful

visualisation tools and predictive analysis is being increasingly leveraged to enable speedy and accurate data capture, enable real-time informed decisions and aid in scientific design of trade inputs to drive sales.

Several interventions were undertaken by TM&D during the year to enhance operational efficiency and productivity in order to drive structural competitive advantage. These include delayering of operations through direct shipments to customers, smart buying including efficient freight procurement and supply chain & network optimisation.

During the year, your Company completed setting up of two state-of-the-art Ancillary Manufacturing cum Logistics Facilities (AMLF) - at Pudukkottai and Kapurthala. These state-of-the-art automated facilities are co-located with the respective ICMLs and are in line with the strategy of minimising total delivered cost and enhancing market responsiveness, besides reducing complexity in operations and cost of servicing.

Your Company continues to invest in augmenting the depth and width of its distribution network while adopting a differentiated approach to address the unique needs of its diverse FMCG product portfolio, market segments and trade channels. Cutting-edge digital technologies are being scaled up towards strengthening TM&D's real time operations and execution platform spanning synchronised planning and forecasting, NextGen agile supply chain, and smart demand capture and fulfilment.

With its best-in-class systems and processes, an agile and responsive supply chain, and a synergistic relationship with its channel partners, TM&D's distribution highway is a source of sustainable competitive advantage for your Company's FMCG Businesses and is well poised to support the rapid scale up of operations in the ensuing years.

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HOTELS

The global Travel & Tourism industry has been severely impacted by the COVID pandemic over the last two years. The industry's contribution to global GDP, which had contracted to 5.3% in 2020 from 10.3% in 2019, recovered to 6.1% in 2021. As per estimates of the World Travel and Tourism Council, the Travel & Tourism sector, which had suffered 62 million job losses in 2020, could recover only 18 million jobs in 2021. According to United Nations World Tourism Organisation (UNWTO), while international tourist arrivals witnessed a 4% increase in 2021 on a soft base, the same remains below pre-pandemic levels by 72%.

The Travel & Tourism sector holds prime importance for the Indian economy as well, with its direct and indirect economic impact estimated at appx. 10% of GDP (at pre-pandemic levels). The extensive tourism value chain spanning hotels, travel agents, airlines, tour operators, restaurants, tourist transporters and guides, etc. results in a huge economic multiplier impact, ranking it amongst the highest across industries on this count. India's Travel & Tourism sector has also been severely impacted by the pandemic since early 2020. Domestic Air Passenger traffic declined by over 40% and international tourist arrivals degrew by 87% during 2021 over pre-pandemic levels, leading to cascading effect across the entire hospitality industry.

After a severely disrupted FY 2020-21, India's Travel & Tourism sector witnessed a smart recovery even as recurrent waves of the pandemic caused severe disruptions on an intermittent basis. Periodic restrictions on travel, public gatherings and restaurant/banquet operations induced by the second wave of the pandemic severely impacted the industry's performance in the first half of the year. The Business

responded with agility focusing on alternate customer segments and revenue streams, such as domestic leisure, staycations, long weekend stays and weddings. Receding intensity of the second wave of the pandemic coupled with pickup in the pace of vaccination gradually improved consumer confidence for travel; events such as weddings & social gatherings also enabled the Business to garner revenues. In the second half of the year, green shoots of recovery in business travel became visible, leading to improved occupancy levels in business hubs. While the third wave in January 2022 briefly halted the recovery momentum, the industry bounced back towards the end of the year with exit occupancies surpassing pre-pandemic levels and business travel sentiments improving. While Average Room Rate improved over the previous year, it remained below pre-pandemic levels.

The Business continued to focus on its strategy of offering a host of curated propositions across accommodation, dining and banqueting to augment revenues across properties. This included introduction of special packages offering value and flexibility targeting short getaways/staycations, revamped packages for the MICE (Meeting, Incentives, Conferencing, Exhibition) & wedding segments and extension of additional benefits to members of the Club ITC Loyalty programme. The Business also catered to the growing need of food delivery and take away with 'Gourmet Couch by ITC Hotels', offering signature cuisines and specially designed menus based on occasions and festivities.

The Business continued to reinforce its commitment towards health & hygiene with 'WeAssure' – a programme designed in collaboration with medical professionals & disinfection experts to reassure guests and to provide best-in-class experience in hygiene and safety at your Company's iconic Hotels.

The Hotels Business continued to focus on its strategy of offering a host of curated propositions across accommodation, dining and banqueting to augment revenues across properties.

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The programme incorporates cutting-edge technologies to provide a pathogen-free environment across all ITC owned properties and has received a Platinum Level certification from M/s. DNV (one of the world's leading certification bodies). The Business continues to invest in creating contactless technologies and ensuring social distancing protocols.

Against the backdrop of a challenging operating environment, Segment Revenue for the year stood at ₹ 1285.00 crores representing a growth of 104.8% while Segment EBITDA stood at ₹ 78.03 crores against a loss of ₹ 268.60 crores in the previous year. Segment PBIT for the second half of the year turned positive against a loss of ₹ 107.43 crores in the corresponding period of the previous year.

Your Company's Hotels Business remains amongst the fastest growing hospitality chains in the country with 113 properties and over 10,700 rooms under four distinct brands – 'ITC Hotels' in the Luxury segment, 'Welcomhotel' in the premium segment, 'Fortune' in the Mid-market to Upscale segment and 'WelcomHeritage' in the Leisure & Heritage segment. ITC Hotels was recognised as the best Luxury Hotel Chain for the 3rd consecutive year at Travel + Leisure India's Best Awards 2021. In the premium segment, the 'Welcomhotel' brand continues to strengthen its equity with refreshed and distinctive positioning of 'Enriching Experiences'. During the year, nine new properties were added to the Group portfolio, including four under the Welcomhotel brand –

- Welcomhotel Bhubaneswar located in Odisha offering 107 guest rooms and suites, which draws inspiration from the magnificence of 500+ temples that adorn the city;
- Welcomhotel Guntur located in Andhra Pradesh offering 104 guest rooms inspired by the cultural ethos of the region;

- Welcomhotel Katra in Jammu & Kashmir and Welcomhotel Chail in Himachal Pradesh (managed properties) offering a distinct repertoire of premium accommodation and signature dining.

These properties have received excellent response from guests within a short span of time. The Welcomhotel brand now consists of 23 hotels and over 2,600 keys. With a strong pipeline of properties to be onboarded under the management contract route, the brand is well poised for rapid scale up in line with the 'asset-right' growth strategy of the Business.

The 'Fortune' brand continues to maintain its pre-eminent position in the Mid-market to Upscale segment, with the positioning of 'First class, full service hotels – an affordable alternative', comprising 39 properties and nearly 3,000 rooms. The 'WelcomHeritage' brand continues to create best-in-class authentic experiences with an operational inventory of 37 hotels comprising over 900 rooms.

Two new brands were introduced during the year – 'Mementos' in the luxury segment & 'Storii' in the premium segment. 'Mementos by ITC hotels' brings together a collection of unique hotels across varied destinations ranging from modern marvels, hidden retreats to historic treasures, leaving guests with experiences and memories which become prized mementos long after their visit. 'Storii by ITC Hotels' is positioned as a collection of handpicked properties offering unique bespoke experience-led stays, in harmony with the environment and the local community. Several agreements/memoranda of understanding have already been signed under these brands; properties are expected to be launched in a phased manner over the next few quarters.

Leveraging its expertise and experience in the domain of sleep, the Business launched its signature 'Sleep'

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Boutiques across the country, offering a wide range of premium home bedding products with both online and offline retail options. These boutiques, present across seven ITC Hotels, have received encouraging response and plans are on the anvil to scale up operations going forward.

The world-class ambience of your Company's luxury hotels continues to be leveraged for gourmet luxury chocolates under the Fabelle brand with exclusive boutiques across eight ITC Hotels and kiosks at four Welcomhotels.

During the year, ITC Grand Goa was recognised as the 'Best Wedding Destination' and ITC Royal Bengal as the 'Best Bleisure Hotel' by Travel + Leisure India's Best Awards 2021. ITC Maurya was also recognised as the 'Favourite Indian hotel' for food and drinks at the Conde Nast Traveller Readers' awards.

'Responsible Luxury' continues to guide business best practices in line with the 'Triple Bottom Line' philosophy of your Company. ITC Hotels and Welcomhotels have achieved 2030 Carbon emissions targets basis COP 21 Paris agreement (as per the Hotel Decarbonisation report issued by International Tourism Partnership). Furthering your Company's Responsible Luxury ethos, ITC Grand Chola at Chennai and ITC Gardenia at Bengaluru have received LEED® Zero Carbon Certification, in addition to ITC Windsor at Bengaluru which achieved the prestigious accreditation last year. Together, these properties are the first three hotels in the world to receive the LEED® Zero Carbon Certification. Further, Welcomhotel Guntur, Welcomhotel Bhubaneswar and Welcomhotel Chennai received the prestigious LEED® Platinum Certification by USGBC (U.S. Green Building Council)/IGBC (Indian Green Building Council). Going forward, the Business will continue to further enhance the renewable electrical energy portfolio,

increase the number of LEED® Zero carbon certifications, and reduce carbon emission levels.

Digital investments continue to be leveraged towards facilitating guest acquisition, enhancing guest experience, augmenting revenue generation and driving operational efficiency. During the year, the managed properties portfolio was seamlessly integrated with the contemporary cloud based central reservation and distribution system of the Business. The ITC Hotels website was also refreshed with additional functionalities to cater to segment specific customer requirements and leverage advanced analytics to provide a single window platform for brands across your Company's Hotels Business. During the year, the Business also launched its full stack ITC Hotels Mobile App with cutting-edge user experience enabling swift and easy access to Room and F&B Reservations, Food delivery, loyalty benefits and a host of exclusive offers. The App continues to receive good response within a short span of time and is being leveraged effectively to enhance customer engagement and enable revenue growth.

Over the years, your Company has expanded its footprint in the Luxury and Upper Upscale segments of the Indian hospitality industry and has created 15 iconic properties comprising around 3,600 rooms across the country. Construction of ITC Narmada in Ahmedabad is progressing well and the hotel is expected to be commissioned shortly.

Your Company's 'asset-right' strategy envisages a substantial part of incremental room additions, going forward, to accrue through management contracts. The Business is witnessing growing interest amongst property owners to partner with its iconic brands resulting in healthy generation of leads and pipeline for management contracts. The Business is confident of rapidly scaling up revenues through this route going forward.

As a testament to your Company's 'Triple Bottom Line' philosophy and Responsible Luxury ethos, ITC Windsor, Bengaluru achieved the distinction of being the first hotel in the world to achieve LEED® Zero Carbon Certification. ITC Grand Chola, Chennai (largest hotel in the world to receive this Certification), and ITC Gardenia, Bengaluru also received the LEED® Zero Carbon Certification during the year.

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As reported earlier, your Company remains committed to aggressively implement its 'asset-right' strategy, focus on sweating existing assets, create additional revenue streams and pursue alternate structures in line with industry recovery dynamics towards engendering the next horizon of growth as also enhancing value creation.

With its highest standards of hygiene and safety, portfolio of world-class properties, iconic cuisine brands and best-in-class service levels anchored on 'Responsible Luxury' ethos, your Company is well placed to sustain its pre-eminent position in the Indian Hospitality industry.

PAPERBOARDS, PAPER AND PACKAGING

Paperboards & Specialty Papers

After a sharp decline in FY 2020-21, global demand for Paper & Paperboards witnessed a growth of about 10% in FY 2021-22. Paperboards segment is estimated to have grown faster at about 11-13% on the back of robust demand from end-user industry segments. Higher global demand for virgin grades and continued supply chain disruptions led to international fibre prices remaining elevated throughout the year. Writing & Printing Paper, which had degrown significantly in FY 2020-21, grew at a moderate pace of 5-7% with educational institutions and offices continuing to remain partially closed in the course of the year. The Indian industry witnessed broad based uptick in demand across most end-user segments driven by Consumer Goods, Pharmaceuticals, Food Service and e-Commerce.

Despite significant operational challenges due to the pandemic and continued global supply chain disruptions, the Business achieved record volumes and higher realisations during FY 2021-22. Structural interventions across the value chain including, inter alia, developing high yielding clones,

augmenting value added paperboard & in-house pulp manufacturing capacity and creating superior distribution infrastructure, product & process innovation, digital interventions including Industry 4.0 continue to provide the Business sustainable competitive advantage. The Business fortified its clear leadership in the Value Added Paperboard (VAP) segment through the introduction of innovative new products customised for end-use industries and maintaining best-in-class service levels for key customers. The Business is also a leading player in the eco-labelled products segment as well as the premium recycled paperboards space.

The Business demonstrated agility amidst supply chain disruptions and achieved robust growth in domestic and export markets while reinforcing its position as a reliable supply chain partner. This was enabled through strategic partnerships, proactive supply chain management and agility in execution. The Business expanded its footprint in key geographies such as UK, West Europe, Middle East and the Mediterranean region, enhancing its share of business with leading paper merchants.

Your Company is actively engaged in developing and promoting suitable paper and paperboard substrates to replace single-use plastics. 'FiloPack' and 'FiloServe' under the 'Filo' series are certified as '100% Recyclable' by Central Pulp & Paper Research Institute (CPPRI), while 'OmegaBev' and 'OmegaBarr' under the 'Omega' series are certified as 'Bio-degradable under compostable environment' by Central Institute of Petrochemicals Engineering & Technology (CIPET). These products, which serve as alternatives to plastic coated containers, cups and other deep freeze applications, registered robust growth during the year and continue to gain popularity with increasing awareness levels amongst customers. The portfolio was also augmented with the launch of

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a new range of Specialty Papers for e-Commerce/ courier envelopes and paper tapes. The Business is stepping up investments in this fast-evolving space which holds immense growth potential supported by the R&D capabilities of your Company's Life Sciences and Technology Centre and through external collaborations with global specialists. To rapidly scale up its future-ready product portfolio through cutting-edge innovation, the Business has also set up a dedicated 'Nextgen Cell' which is actively engaged in building a robust innovation pipeline.

During the year, the Business delivered robust performance in the Specialty Papers segment. Market standing stood enhanced during the year driven by product mix enrichment, diversification of the customer base and launch of innovative products such as anti-viral and anti-bacterial Specialty Paper - 'NPP Pro' for use in pharmaceutical leaflets and packaging applications. The domestic industry continues to remain under pressure on account of cheap imports from China. The recent introduction of anti-dumping duty on Décor paper is expected to increase 'Make in India' opportunities and enable import substitution.

Cost of key inputs remained elevated throughout the year. Besides a sharp increase in pulpwood prices, recycled fibre prices also ruled high due to lower collections/supplies as a result of pandemic led disruptions and high shipping costs. While the prices of key chemicals increased significantly due to strong global demand coupled with increase in crude prices & energy costs, coal supplies were adversely impacted by supply chain disruptions and prioritisation of domestic supplies to thermal power plants. Geopolitical tensions in Europe exacerbated the pressure on supplies of major inputs during the last quarter of FY 2021-22. In spite of these challenges, the Business responded to market requirements with agility to ensure uninterrupted supplies to customers.

The Business continues to make structural interventions to reduce dependence on imported pulp, enabling substantial reduction in operating costs. Significant increase in in-house pulp production was achieved through strategic interventions, Industry 4.0 initiatives and improved wood mix. Capacity utilisation of Bleached Chemical Thermo Mechanical Pulp mill (BCTMP) at the Bhadrachalam unit touched a record high during the year. Initiatives such as bund plantation and scaling up plantations in new catchment areas in Odisha and Chhattisgarh have enabled procurement of more than 10,000 MT of wood from these areas, with further potential for increasing cost-effective access to fibre in the future.

The Business has been practising the principles of Total Productive Maintenance (TPM), Lean and Six Sigma for over a decade now and continues to reap substantial benefits through its Business Excellence initiatives. In recent years, the Business has embarked upon a comprehensive Digital Transformation Programme across the vectors of manufacturing, supply chain and support services to achieve operational excellence and drive improvement in profitability.

Your Company is a pioneer in the adoption of Industry 4.0 in the Indian Paper & Paperboard industry. Digital and emergent technologies remain deeply embedded in the operations of your Company's Paperboards & Specialty Papers Business, and continue to be leveraged towards enhancing operational efficiency, reducing wastages and enabling cost optimisation across the value chain. The multi-dimensional digital interventions encompass Industrial IoT for Smart Operations, Integrated Data Infra/Platform, AI/ML algorithms for optimisation in the manufacturing process, AI/ML based image analytics and IoT based crop monitoring & advisory. The Business is also collaborating with partners from the start-up

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ecosystem, as well as established solution providers, in building scalable solutions that are custom-fit to business requirements. Over 50 use cases have already been developed and implemented across multiple spheres of the Business, aiding in margin expansion.

During the year, the Business received global recognition and was adjudged winner at the Pulp & Paper International (PPI) Awards by Fastmarkets RISI in the category of 'The Internet of Things & Digitalisation'. Your Company became the first Asian company to receive this global award, demonstrating its 'best-in-class' credentials amongst the leading players of the international pulp and paper industry.

Your Company continues to procure its wood requirements from sustainable sources. Research on clonal development has resulted in introduction of high-yielding and disease-resistant clones that are adaptable to a wide variety of agro-climatic conditions which aid in securing greater consistency in farmer earnings. In this context, your Company's Life Sciences and Technology Centre is engaged in developing higher yielding second generation clones with enhanced pest and disease resistant attributes.

Your Company has the distinction of being the first in India to have obtained the Forest Stewardship Council-Forest Management (FSC[®]-FM) certification, which confirms compliance with the highest international benchmarks of plantation management across the dimensions of environmental responsibility, social benefit and economic viability. Till date, your Company has received FSC[®]-FM certification for close to 1.3 lakh acres of plantations involving over 30,000 farmers. During the year, over 3 lakh tonnes of FSC[®]-certified wood were procured from these certified plantations. Your Company sustained its position as the leading supplier of FSC[®]-certified paper and paperboards in India.

All manufacturing units of the Business continue to recycle nearly 100% of the solid waste generated during operations by converting the same into lime, fly ash bricks, grey boards, egg trays etc. In addition, the Business recycled around 1.1 lakh tonnes of waste paper during the year, thereby sustaining your Company's positive solid waste recycling footprint.

The manufacturing facilities at Bhadrachalam, Kovai, Tribeni and Bollaram continue to receive industry recognition for their green credentials and safety standards in line with your Company's focus on sustainable business practices. The Bhadrachalam Unit is the first pulp & paper plant and the second in the country overall, to be rated GreenCo Platinum+ by CII, as part of the Green Company rating system.

The Kovai unit is the first site in India and the first paper mill in the world to achieve the highest platinum rating under the Alliance for Water Stewardship Standards. Bhadrachalam and Kovai mills won awards for Excellence in Energy Management at the 22nd National Awards for 'Excellence in Energy Management' in the Pulp & Paper sector. The Bhadrachalam unit was rated as the Winner in 'Within the Fence' category under CII-National awards for Water management.

The Business continues to strengthen its safety management processes, adopt globally recognised best practices and ensure that facilities are designed, constructed, operated and maintained in an inherently safe manner.

In line with the objective of enhancing the share of renewable energy in its operations, the Business has implemented several initiatives including investments in a green boiler, high pressure & efficiency circulating fluidised bed boiler, solar & wind energy and increased usage of bio-fuel. With these initiatives, renewable

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sources presently account for appx. 44% of total energy consumed at the four manufacturing units.

The year marked the commissioning of the state-of-the-art and future-ready High Pressure Recovery Boiler at the Bhadrachalam mill, replacing conventional soda recovery boilers, ahead of project schedule despite the disruptions caused by recurrent waves of COVID. The boiler is one of the largest to be commissioned in the country and is a testament to your Company's commitment towards embedding sustainability in its operations. By enhancing energy efficiency, this intervention will reduce the carbon footprint of the unit's operations through significantly lower coal consumption.

Going forward, paperboard demand is expected to be driven by end-user segments such as household appliances, consumer goods, ready-made garments, e-Commerce, pharmaceuticals, etc. Writing & Printing paper demand is also expected to bounce back in the short-term on the back of demand from the publishing and notebooks industry following re-opening of educational institutions.

The integrated nature of your Company's business model - comprising access to high-quality, cost competitive and renewable fibre supply chain, in-house pulp manufacturing capability, import pulp substitution, world-class product quality, state-of-the-art manufacturing facilities leveraging data analytics and Industry 4.0 along with robust forward linkages with the Education and Stationery Products Business and the Printing and Packaging Business - is a key source of competitive advantage for your Company's Paperboards & Specialty Papers Business. Your Company is confident of sustaining and further consolidating its clear leadership position in the Indian Paper and Paperboards industry leveraging recent investments in innovation platforms anchored on the development of sustainable

products and cutting-edge digital technologies to set new benchmarks of competitiveness, efficiencies and productivity.

Packaging and Printing

Your Company's Packaging and Printing Business is a leading provider of superior value-added packaging solutions leveraging its comprehensive capability-set spanning multiple technology platforms coupled with in-house cylinder making and blown film manufacturing lines. The Business caters to the packaging requirements of leading players across several industry segments viz. Food & Beverage, Personal Care, Home Care, Footwear, Consumer Electronics, QSR, Pharma, Liquor and Tobacco. It also provides strategic support to your Company's FMCG and Cigarettes Businesses by facilitating faster turnaround for new launches, providing innovative packaging solutions, ensuring security of supplies and delivering benchmarked international quality at competitive cost.

The year under review remained challenging for the Business due to disruptions caused by the pandemic, along with steep increase in commodity prices. Notwithstanding the challenging operating environment, the Business demonstrated resilience with an uptick in demand across most end-use segments, leading to robust growth in domestic as well as exports businesses.

The Business continued to service the critical packaging requirements of several industry segments, including your Company's Branded Packaged Foods, Personal Care Products and Cigarettes Businesses. Leveraging its supply chain network and superior customer relationships, the Business also responded with agility to seize opportunities in export markets, reinforcing its position as a reliable supply chain partner.

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The Business continues to craft innovative packaging solutions leveraging its deep understanding of end-user needs and the capabilities of your Company's Life Sciences and Technology Centre. Recognising the need for sustainable packaging and the resultant emerging demand for plastic substitutes, the Business launched its flagship 'InnovPack' campaign and identified certain end-use segments with potential for rapid adoption of sustainable packaging and plastic substitution solutions. Further, a steady pipeline of pioneering solutions anchored on molecular science research is also in place such as 'Bioseal' (compostable packaging solution for Quick Service Restaurants, personal care and packaged foods industries), 'Oxyblock' (a recyclable coating solution with enhanced barrier properties for packaged foods, edible oils, etc.) and 'Germ free coating' (solution for microbial free packaging surface addressing the consumer consciousness towards hygiene and safety). These products continue to receive encouraging response; the portfolio is being augmented progressively with a range of solutions that are in various stages of commercialisation. Investments are being stepped up in this fast-evolving space which holds immense growth potential.

The Business has been consistently recognised amongst the top ranked global packaging companies on productivity parameters as per the latest International Packaging Group and International Flexibles Packaging Network rankings. During the year, the Business won several prestigious awards, viz., the WorldStar award for Getkrackin Bottle Profiled Pouch, the IFCA Star award and SIES SOP Star Award for its excellence in packaging under various categories including sustainability and eco-friendliness. The manufacturing facilities at Tiruvottiyur, Haridwar and Munger maintained

the highest standards in Quality and Environment, Health & Safety (EHS). All three units are certified as per the Integrated Management System, consisting of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and have also received Social Accountability Certification (SA 8000:2014).

The cartons packaging lines in both the Tiruvottiyur and Haridwar units received the 'Grade AA' Brand Reputation Compliance Global Standards (BRCGS) certification, for global standards in packaging and packaging materials - a key enabler for supplies to the packaged foods industry. The Tiruvottiyur unit received the Silver Award for Excellence in EHS from CII. The Haridwar unit received the Gold trophy from the National Safety Council for Excellence in EHS systems.

To cater to its growing customer base across the country and to further improve customer service levels, the Business has initiated investments to expand its manufacturing footprint in the Western region. The facility, equipped with state-of-the-art technologies, is expected to be commissioned in FY 2022-23 and provide significant opportunities to tap the growing demand in the region.

With world-class manufacturing technology across a diverse range of platforms and best-in-class quality management systems, the Packaging and Printing Business has established itself as a one-stop packaging solutions provider to several segments and is recognised as a 'first choice packaging partner' across the consumer goods industry. The Business is confident of sustaining its pre-eminent position in the Packaging and Printing industry through focused investments towards expanding its range of sustainable packaging solutions and by diversifying its manufacturing base in the western region, a large potential market for the Business.

Recognising the need for sustainable packaging and the resultant emerging demand for plastic substitutes, the Business launched its flagship 'InnovPack' campaign and identified certain end-use segments with potential for rapid adoption of sustainable packaging and plastic substitution solutions.

AGRI BUSINESS

Leaf Tobacco

A punitive and discriminatory taxation and regulatory regime on cigarettes, apart from providing a fillip to illicit trade and severely impacting the domestic legal cigarette industry, has also exerted significant pressure on the leaf tobacco crop grown in India. Excess supply from certain competing geographies coupled with weakness in their currencies has resulted in reduced demand for Indian tobacco in international markets, causing lower realisations for Indian farmers. Lower export incentives in India have adversely affected the competitiveness of Indian tobacco in global markets and impacted farmer earnings. In addition to the above, the recent pandemic-induced disruptions in major consumption markets overseas have also impacted regional manufacturers in such markets, thereby reducing their leaf tobacco purchases from India. Consequently, Indian leaf tobacco exports have declined by around 20% over the last eight years from 236 million kgs in FY 2013-14 to 188 million kgs in FY 2021-22. However, during the year, global supply chain disruptions led to global manufacturers scouting for alternate sourcing origins like India to ensure continuity of supplies. Consequently, exports of leaf tobacco from India have grown by 8% over the previous year.

The Business continued to leverage its crop development expertise, sustainable value chain and sustainability credentials, superior product quality and world-class processing facilities to strengthen its position as a reliable supply chain partner. Superior customer engagement, operational agility and supply chain efficiency enabled the Business to deliver enhanced value to existing customers and increase new business development. The Business consolidated its pre-eminent position as the largest

Indian exporter of unmanufactured tobacco and aided in improving its market share by about 600 bps.

Strategic cost management across the value chain continues to be a key focus area for the Business. The AI/ML powered smart buying platform continues to be scaled up to facilitate efficient leaf tobacco buying across auction platforms. Several initiatives implemented in recent years have led to improved operating efficiencies across manufacturing and supply chain.

The Business continues to make focused investments across the tobacco value chain anchored on the key vectors of Quality, Consistency, Compliance and Sustainability. Crop and region-specific agronomic practices continue to be deployed to cater to the emerging preferences of customers. Synergistic R&D initiatives with focus on varietal development, climate smart farming techniques and usage of water efficient technologies are being scaled up towards improving productivity, product quality and reduction in cultivation costs. The Business has successfully implemented integrated energy management initiatives spanning energy conservation, promotion of alternative fuel usage and energy plantations, towards achieving fuel self-sufficiency in the curing process of Flue Cured Virginia tobacco. In addition to these initiatives, your Company is taking up integrated watershed management programmes to ensure availability of water for irrigation during critical phases of the crop cycle.

The Business continues to set benchmarks in leaf threshing operations through focused initiatives and innovative technological solutions. Investments continue to be made in your Company's Green Leaf Threshing plants (GLT) at Anaparti, Chirala and Mysuru towards delivering world-class quality and upgrading processing technology. The energy needs

The Leaf Tobacco Business consolidated its pre-eminent position as the largest Indian exporter of unmanufactured tobacco. The Business continued to leverage its crop development expertise, sustainable value chain and sustainability credentials, superior product quality and world-class processing facilities to strengthen its position as a reliable supply chain partner.

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of all three GLTs are substantially met from renewable sources in line with your Company's philosophy of adopting a low-carbon growth path. Continuity of operations was ensured during the second and third wave of the pandemic through systematic and proactive engagement with all stakeholders.

The Business remains committed to the highest standards of EHS (Environment, Health, Safety) and Quality and continues to win recognition in these areas. During the year, the Business received the CII awards for "National Excellence" in Energy management and "Most Innovative Best Practices" as well as the "Prashansa Patra" award from National Safety Council. In addition, the Business received various awards at events organised by the Quality Circle Forum of India & CII for technological improvements and quality control.

With increasing focus on sustainability and human rights compliance driven by regulations in EU and US, your Company is well poised to meet the current and emerging requirements of global customers with its best-in-class sustainability policies, programmes and systems across the value chain.

Over the years, a sharp fall in domestic crop output, sustained pressure on domestic legal cigarette volumes and decline in leaf tobacco exports, as aforesaid, have led to severe stress on farmer earnings which have declined by over ₹ 7000 crores in the last seven years since FY 2014-15. Illicit cigarettes as well as smuggled New Generation Products (NGPs) and Electronic Nicotine Delivery Systems (ENDS) in the country also impact leaf tobacco trade as these products do not use Indian tobacco. As seen in the past, stability in tax incidence and regulations lead to stable demand for leaf tobacco with the legal cigarette industry being able to recover volumes lost to illicit trade. Accordingly, a more balanced regulatory and taxation regime that cognises for the unique

tobacco consumption pattern prevalent in India and the economic realities of the country is the need of the hour to support the Indian tobacco farmer and the 46 million livelihoods dependent on tobacco. Lower export incentives in India and unfavourable import duty levied in several markets, including the USA and Europe, have weighed on the competitiveness of Indian leaf tobacco exports. Restoring export incentives to earlier levels and necessary policy support to alleviate trade barriers would go a long way in enhancing the competitiveness of unmanufactured tobacco exports from India and contribute to increasing farmer earnings. Your Company continues to engage with policy makers on these matters.

The Business will continue to provide strategic sourcing support to your Company's Cigarettes Business even as it consolidates its leadership position as a major exporter of quality Indian tobacco thereby catalysing the multiplier impact of increased farmer incomes to benefit the rural economy. With its strong R&D capability, modern processing facilities, crop development & extension expertise and deep understanding of customer and farmer needs, your Company is well poised to sustain its position as a world-class leaf tobacco organisation.

Other Agri Commodities

The operating environment remained challenging during the year due to disruptions in operations caused by the second and third waves of the pandemic. Severe shortages in container availability, congestion in ports and steep increase in freight rates exacerbated the situation. In spite of such challenges, India emerged as a resilient and dependable source of agri-commodities to meet global demand.

Notwithstanding the challenging operating environment, the Business leveraged market opportunities and delivered robust growth in revenues

The scope and scale of operations of your Company's Agri Business have grown manifold over the years and currently encompass over 4 million tonnes in 22 states and over 20 agri-value chains. The strategic focus of the Business in recent years has been to accelerate growth by rapidly developing and scaling up its Value-Added Agri Products (VAAP) straddling multiple value chains comprising Spices, Coffee, Frozen Marine Products and Processed Fruits amongst others.

driven by wheat and rice exports. This was achieved on the back of your Company's strong farm linkages and sourcing networks, multi modal transport capability, agile supply chain operations and deep customer relationships.

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- Your Company is a leading player in whole spices such as Chilli, Turmeric, Coriander and Cumin. In line with its strategy of enhancing value addition, the Business has, in recent years, expanded into 'food safe' markets viz. USA, EU and Japan, leveraging its key strengths such as identity-preserved sourcing expertise, strong backward integration, superior processes, custody of supply chain and customer focused strategies. During the year, the Business consolidated its position as a preferred supplier for discerning customers in the food safe segment, private labels, steam sterilised and organic products. Strong growth in exports was driven by new customers and richer product mix. The domestic business also posted robust growth on the back of higher offtake from

large format retailers. The Business scaled up its Integrated Crop Management (ICM) programme, thereby enhancing its ability to produce food safe spices in a sustainable manner.

The Business continues to partner with the various State Governments for production of food safe spices and has maintained an unblemished track record over the years in terms of compliance with stringent food safety parameters.

- The Business also leveraged its strong backward integration linkages to enhance presence in the organic spices segment, with the entire value chain being certified by globally renowned agencies, providing assurance on product authenticity and compliance with stringent norms in the EU, US and Indian markets. The Business continues to pursue sustainable farm management practices anchored on Rainforest Alliance and Global GAP accreditation. The Spices Business received the 'Outstanding Performance in Food Safety' award from CII under the Large Food Business category for its backward integration programme.
- During the year, domestic coffee trade remained muted in anticipation of higher realisations on account of lower crop size in Brazil coupled with container shortages and elevated ocean freight rates. Notwithstanding these challenges, the Business recorded robust growth in exports driven by European and Middle East markets. This was enabled through strategic presence in key coffee producing regions in India, deep knowledge of estate and region-specific characteristics and focus on premium grades of Arabica, Certified Coffees, Specialty and Monsooned Coffee. Apart from servicing the needs of leading coffee houses in the value-added space, the Business continues to source high quality coffee grades customised to the needs of your Company's gourmet coffee brand, 'Sunbean'.

Towards enhancing the competitiveness of domestic agri-value chains, fostering new business models and further augmenting value creation opportunities, your Company has successfully launched ITCMAARS (Metamarket for Advanced Agriculture and Rural Services) – a crop-agnostic 'phygital' full stack AgriTech platform in six states, with over 200 FPOs encompassing more than 40,000 farmers already added to your Company's network.

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- Your Company is one of the leading exporters of value-added frozen marine products from India with expertise in processing individually quick-frozen (IQF), raw and cooked products, which adhere to the highest standards of safety and hygiene prevalent in developed markets such as the US, EU and Japan. During the year, the Business touched record levels of sales driven by expansion into new markets in North America and Middle East. Leveraging its strong domain knowledge and sourcing expertise, the Business also sources shrimps and supports the 'ITC Master Chef' range of 'Super Safe' frozen prawns in the domestic market and supplies high-quality shrimps to your Company's Hotels business.
- In the Processed Fruits & Vegetables segment, the Business continues to expand its footprint in categories of fruit pulp and tomato paste across conventional and certified segments through a robust collaborative network comprising a large number of small and marginal farmers across four states.

The Business remains focused on enlarging its scope of operations to include fresh and processed products in identified agri-commodities such as staples for the Food Service segment, fresh and frozen fruits & vegetables. As these businesses develop critical mass, the Business is also scaling up end-to-end presence across the value chain, supported by the R&D capabilities of your Company's Life Sciences and Technology Centre and external collaborations.

Towards building deeper expertise in Medicinal and Aromatic Plant Extracts (MAPE), the Business scaled up its customised crop development programme in Madhya Pradesh during the year. Collaborations with farmers are underway with the Business providing

necessary inputs, advisory and on-field support. The Business is also focusing on developing unique value-added products by leveraging the research platforms of your Company's Life Sciences and Technology Centre.

More than two decades ago, your Company conceptualised and rolled out the e-Choupal network as a unique model towards enhancing agricultural growth and productivity, and fostering sustainable rural development. Leveraging this robust platform, your Company continues to focus on providing a range of value-added services in rural areas towards enhancing the competitiveness of Indian agriculture and playing a critical enabling role in integrating farmers, input vendors and government agencies besides facilitating necessary market linkages. Integrated rural service hubs, 'Choupal Saagar', continue to serve farmers through their procurement and storage infrastructure, and front-end retail stores. The Choupal Saagars facilitate efficient sourcing of a wide range of agri-commodities while making available assorted brands and merchandise spanning categories such as apparel, footwear, consumer durables, electronics and fuel, tailored to farmers' needs. The Choupal Saagars also serve as an ideal platform for your Company's FMCG brands to deepen their engagement with rural markets. Interventions such as Choupal Pradarshan Khet, Choupal Mahotsav, etc. continue to enhance the vitality of your Company's e-Choupal network.

Towards enhancing the competitiveness of domestic agri-value chains, fostering new business models and further augmenting value creation opportunities, your Company has successfully launched ITCMAARS (Metamarket for Advanced Agriculture and Rural Services) – a crop-agnostic 'phygital' full stack AgriTech platform in six states, with over 200 FPOs encompassing more than 40,000 farmers already

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added to your Company's network. This initiative, powered by cutting-edge digital technologies, will create a robust eco system to deliver seamless customised solutions to farmers, whilst creating new revenue streams, strengthening sourcing efficiencies and powering your Company's world-class Indian brands. This digitally powered platform seeks to empower the farming community by delivering customised solutions through synergistically integrating NextGen agri-technologies. These include an e-Marketplace for agri inputs and farm outputs, wide range of advisory services covering weather forecasts, agronomy, best practices for improved productivity, quality assurance, etc. Value propositions across each of these opportunity spaces are expected to create new and scalable revenue streams for your Company over time. The Business expects to rapidly scale up the initiative to create a unique platform providing significant competitive advantage to your Company's Agri Business.

Over the years, your Company has invested significantly in building competitively superior agri-commodity sourcing expertise comprising multiple business models, wide geographical spread and customised infrastructure. These capabilities and infrastructure have created structural advantages facilitating competitive sourcing of agri raw materials for your Company's Branded Packaged Foods Businesses.

- The Business continues to leverage its strong farm linkages and wide sourcing network across geographies to secure supplies of critical grades of wheat of benchmark quality towards meeting the growing requirements of Aashirvaad atta. During the year, the Business further scaled up its strategic sourcing and supply chain interventions. These include focused crop development towards securing the right varieties for Aashirvaad atta to

provide consumers best-in-class product quality and experience, use of multi-modal transportation comprising rail, road & coastal routes and enabling supply of attribute based/identity preserved crop. The Business also ramped up direct buying at various atta factories. For instance, at the Kapurthala ICML plant, direct buying of wheat offers substantial benefits to farmers including transparency in grading, weightment and pricing, besides reducing transaction costs due to minimisation of handling and transportation. This initiative is being scaled up through focused crop development in the area to upgrade crop quality.

In recognition of the various initiatives undertaken by the Business, including keeping the entire supply chain fully functional during the multiple waves of the pandemic, your Company was awarded the 'Best Practice in Digital Transformation of Supply Chain' in Most Innovative Category at the CII Digital Transformation DX Awards, 2021.

The Business continues to collaborate with reputed research organisations such as the Indian Agricultural Research Institute, Indian Institute of Wheat & Barley Research, Indian Institute of Rice Research, Indian Institute of Soybean Research, Indian Institute of Vegetable Research, Punjab Agricultural University and Agharkar Research Institute towards building an efficient and cost competitive agri-value chain. During the year, the Business further scaled up its wheat crop development programme and introduced location-specific new and superior seed varieties along with appropriate package of practices across Rajasthan, Uttar Pradesh, Bihar, West Bengal, Punjab, Madhya Pradesh and Maharashtra. Sharp focus on deepening capabilities in proprietary crop intelligence, scaling up the sourcing & delivery

Your Company has invested significantly in building competitively superior agri-commodity sourcing expertise comprising multiple business models, wide geographical spread and customised infrastructure. These capabilities and infrastructure have created structural advantages facilitating competitive sourcing of agri raw materials for your Company's Branded Packaged Foods Businesses.

Report of the Board of Directors

network and developing customised blends will support your Company's Branded Packaged Foods Businesses in the years to come.

- The Business continues to leverage its strong backward linkages and wide sourcing network across geographies to source high-quality fruit pulp and frozen vegetables for your Company's 'B Natural' and 'Farmland' brands.
- Milk procurement network in Bihar and West Bengal was strengthened during the year towards meeting the growing requirements of your Company's Fresh Dairy portfolio under the 'Aashirvaad Svasti' brand, and in Punjab for 'Sunfeast' Dairy Beverages. The Business continues to empower farmers by providing infrastructure such as automated milk collection units & chillers and imparting package of best practices to improve operational efficiency, maintain high quality and ensure identity preservation and traceability. The capability to source superior quality milk has enabled the launch of 'Aashirvaad Svasti Easy Digest Milk' – West Bengal's first lactose free milk in pouch format and 'Sunfeast Protein Shake' in the Fresh Dairy and Beverages categories respectively.
- The Business continues to scale up sourcing of spices to meet the growing requirements of Sunrise and Aashirvaad brands.

In line with the national goal of doubling farmers' income, your Company remains committed to catalyse a transformational shift of the agri ecosystem from the conventional production-centric to demand-responsive value chains. Towards this, the Business continues to focus on developing NextGen Indian agriculture, anchored on digitally enabled and climate smart agri-value chains with strong market linkages. The focus of these interventions is to reduce vulnerability and increase the resilience of farmers, while lowering greenhouse gas emissions and promoting food security. Your Company is confident of effectively participating in the emerging market opportunities arising out of these interventions to create and capture enhanced value for its stakeholders.

NOTES ON SUBSIDIARIES

The following may be read in conjunction with the Consolidated Financial Statements of your Company prepared in accordance with Indian Accounting Standard 110. Shareholders desirous of obtaining the Report and Accounts of your Company's subsidiaries may obtain the same upon request. Further, the Report and Accounts of the subsidiary companies is also available under the 'Investor Relations' section of your Company's website, www.itcportal.com, in a downloadable format. Your Company's Policy for determination of a material subsidiary, as adopted by your Board, in conformity with Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, can be accessed on your Company's corporate website at <https://www.itcportal.com/material-subsi-dary-policy>. Presently, your Company does not have any material subsidiary.

Surya Nepal Private Limited

The year under review continued to be extremely challenging for Nepal. Economic activities remained impacted due to lockdowns and other restrictions for more than four months from April 2021 in order to curb the spread of the second wave of the pandemic. Consequently, the GDP growth of Nepal remained muted at 4.3% for the year ended 15th July 2021, significantly below the Government of Nepal's target growth rate of 7%.

Progressive economic recovery was witnessed from September 2021 on the back of increased vaccination coverage and other initiatives taken by the Government of Nepal.

On the external front, higher imports and lower remittances contributed to the widening of the country's Current Account deficit. Due to drawdowns to finance such deficit, foreign exchange reserves fell to US\$ 9.58 billion as at mid-March 2022, from US\$ 11.8 billion in mid-July 2021, which represents less than 7 months of imports.

The Central Bank of Nepal has announced several initiatives to curb the sharp increase in imports and bolster the foreign exchange reserves of the country. While these initiatives are expected to promote

external sector stability in the near term, initiatives towards encouraging Foreign Direct Investment (FDI) in the country, incentivising domestic manufacturing to substitute imports and promoting the hospitality sector, which has significant potential to generate foreign exchange earnings, remain key for long-term sustainable growth of the economy.

The legal cigarette industry occupies an important place in Nepal's economy and is a major contributor to the manufacturing sector of the country. However, the industry continues to face challenges from a stringent taxation and regulatory regime. The company continues to engage with policy makers for equitable, non-discriminatory, pragmatic, evidence-based regulations and taxation policies.

The pandemic-induced disruptions rendered the operating environment extremely challenging, particularly during the first half of the year under review. Notwithstanding the same, the company reinforced its market standing by leveraging its robust portfolio, superior product quality and wide distribution network. Differentiated and innovative portfolio interventions under the Surya and Shikhar trademarks registered encouraging growth. Supply chain agility coupled with proactive scenario planning ensured continuity of manufacturing operations amidst the disturbances caused by the second wave of the pandemic.

During the year, the company strengthened its market standing in the Agarbatti industry leveraging its differentiated product portfolio, sharply focused marketing investments and best-in-class product availability across target markets on the back of its robust trade marketing and distribution infrastructure. New offers of 'Mangaldeep Treya' and 'Mangaldeep Jasmine 100' strengthened portfolio presence in the Popular segment.

The Confectionery industry was adversely impacted in the first half of the year due to pandemic led disruptions. With progressive opening of markets, the company launched two new offers, 'Toffichoo Cofitino' and 'Toffichoo Crème Lacto', in the category and continues to make focused investments towards strengthening its market standing.

The company continues to adopt all measures towards ensuring the safety and well-being of all its stakeholders. The company also places immense emphasis on making significant contributions towards building the societal and economic capital of Nepal. In this regard, the company continues to:

- assist farmers in areas proximate to the company's operating locations to enhance productivity and enable upliftment of agri-infrastructure.
- support the animal husbandry sector by providing extension services covering animal breeding, health and nutrition to drive yield improvement and higher returns for farmers.
- contribute towards improvement in quality of education in public schools in the economic vicinity of its operating locations.
- support development of local public infrastructure in the catchment areas of operating locations.

In addition, the company also provided support to government/community hospitals involved in treatment of COVID patients by providing critical care equipment, oxygen plant, ambulances and other medical supplies.

During the year, the company recorded Revenue from Operations of NRs. 4382 crores (previous year NRs. 3612 crores) and Net Profit of NRs. 1005 crores (previous year NRs. 867 crores) representing a growth of 21% and 16% respectively.

The company declared a dividend of NRs. 467 per equity share of NRs. 100 each for the year ended 15th July, 2021 (31st Asadh, 2078), amounting to NRs. 941.47 crores (previous year NRs. 488 per equity share amounting to NRs. 983.81 crores).

The company continues to be the largest contributor to the exchequer in Nepal. The company is well positioned to consolidate its leadership position by leveraging its robust portfolio of products, deep and wide distribution network, best-in-class manufacturing facilities and execution excellence. The company continues to explore opportunities to rapidly scale up the newer FMCG businesses and evaluate emerging opportunities in this space.

Report of the Board of Directors

ITC Infotech India Limited and its subsidiaries

The Information Technology industry witnessed continued acceleration in mainstream adoption of digital technologies such as Cloud, Intelligent Automation, Digital Workplace and Cybersecurity in the enterprise technology landscape. As per NASSCOM estimates, the Technology Market grew by 15.5% in FY 2021-22, significantly ahead of the pre-pandemic growth trajectory. Going forward, Digital and capability-led opportunities based on new paradigms of technology consumption, such as 'Everything as a Service' model, are expected to drive industry growth. Hybrid operations, sustainable business models, customer centricity, personalised employee engagement and digital skilling will continue to accelerate and drive strategic decisions for the Technology industry in 2022. Hiring and training the right talent with a focus on up-skilling and re-skilling remains a key imperative for the industry, with employee well-being and engagement continuing to remain critical to empower the distributed workforce.

The company continues to sharpen its focus on the strategic pillars of Customer Centricity, Employee Centricity and Operational Excellence, while building differentiated offerings around the strategic areas of Cloud Technologies, Digital Workplace Solutions, Digital Manufacturing, Customer Experience and Data Analytics. During the year, the company recorded robust growth in revenue on the back of strong traction in the Americas, India and Rest of World markets. Industry 4.0 solutions, Global In-house Centre services and Digital Experience using data analytics and Infrastructure services were the key drivers of growth. The company also continued to forge new alliances and strengthen existing relationships with Independent Software Vendors (ISVs) in focus areas such as Digital Workplace Solutions, Digital Manufacturing and Data analytics. These partnerships are aligned to the company's vision of taking a leadership role in enabling the Digital Transformation and Software as a Service (SaaS) adoption journey of its clients.

The company also launched an industry-defining 'ITC Infotech Work From Anywhere' (IWFA) productivity framework to provide its employees the flexibility to

work from anywhere with sustained focus on client priorities and data security. The growing demand for high-skilled talent was met through prioritisation of investments in training & skill development and building a robust learning & development platform.

Business-friendly solutions and new-age capabilities offered by the company continue to earn global recognition. The company's Automation capabilities were positioned in the 'Leadership Zone' in the Zinnov Zones Hyper Intelligent Automation Services 2021 for Robotic Process Automation (Small & Medium Service Providers), IT Automation and CPG-Retail. The company's Digital Workplace capabilities were considered a 'Disruptor' in Avasant's Digital Workplace Services 2021 RadarView™ (from being placed under the 'Challengers' category in the previous year). The company's Digital Manufacturing capabilities were also profiled in an exclusive 'Briefing Note' by Information Services Group, Inc., titled 'ITC Infotech: Business-friendly Approach Strategically Placing Manufacturers, a Step Ahead of Competitors'.

During the year, the company's consolidated Total Income grew by 16.8% to ₹ 2884.30 crores (previous year ₹ 2469.29 crores). Profit Before Tax stood at ₹ 719.64 crores (previous year ₹ 604.13 crores) and Net Profit stood at ₹ 541.04 crores (previous year ₹ 451.30 crores).

For the year under review:

- a. ITC Infotech India Limited recorded Revenue from Operations of ₹ 2288.57 crores (previous year ₹ 1834.98 crores) and Net Profit of ₹ 517.81 crores (previous year ₹ 447.79 crores). The company paid a total dividend of ₹ 53.00 per Equity Share of ₹ 10/- each aggregating ₹ 451.56 crores (previous year ₹ 32.50 per Equity Share of ₹ 10/- each aggregating ₹ 276.90 crores).
- b. ITC Infotech Limited, UK, a wholly-owned subsidiary of the company, recorded Revenue of GBP 40.02 million (previous year GBP 48.80 million) and Net Profit of GBP 0.79 million (previous year GBP 0.90 million).

- c. ITC Infotech (USA), Inc., a wholly-owned subsidiary of the company, together with its wholly-owned subsidiary Indivate Inc., recorded Revenue of US\$ 133.76 million (previous year US\$ 108.36 million) and Net Profit of US\$ 2.53 million (previous year US\$ 2.59 million).

A key element of the company's strategy going forward is to pursue inorganic opportunities to accelerate growth and profitability for which it has identified priority areas including Digital Experience – Data Analytics and AI, Salesforce and BPM Tools; Infrastructure Services – Service Management and Cloud Service Providers and Product 4.0 – Digital Factory and Digital Thread. Building on the successful 20-year alliance with PTC Inc., a 10-year Strategic Partner Agreement has recently been announced to accelerate customer digital transformation initiatives through jointly developed offerings and Go-to-Market strategies focused on facilitating conversion of customers' Product Lifecycle Management (PLM) implementations to SaaS. Under the terms of this agreement, the company will acquire a substantial portion of PTC's PLM implementation services business and create a new business unit, called DXP Services, which will include PLM professional services experts from both companies. The company will continue to explore value accretive inorganic opportunities in identified priority areas as stated above.

The company will continue to focus on interventions around areas of strategic interest, including creating and winning large transformation opportunities, expanding presence in strategic accounts, building and sharpening domain-specific digital solutions, strengthening distributed delivery framework, and re-skilling/up-skilling employees in future-focused capabilities.

Technico Agri Sciences Limited

The company's leadership in production of early generation seed potatoes and strength in agronomy continue to support the Bingo! range of potato chips of your Company and in servicing the seed potato requirements of the farmer base of your Company's Agri Business.

During the year under review, potato production in India touched a record high of about 53 million MT, increasing by 12% over the previous year due to favourable weather conditions. Consequently, potato prices reduced considerably on account of high supplies, coupled with demand volatility arising out of the disruptions caused by the second wave of the pandemic.

Despite the challenging environment, the company delivered a resilient performance leveraging its strong brand equity, superior product quality, better on-field performance and strong trade & customer relationships. The company's Revenue from Operations stood at ₹ 256.67 crores (previous year ₹ 287.09 crores) with a Net Profit and Total Comprehensive Income of ₹ 43.04 crores (previous year ₹ 72.92 crores). During the year, the company paid a total dividend of ₹ 8.00 per Equity Share of ₹ 10 each, aggregating ₹ 30.37 crores (previous year ₹ 16.00 per Equity Share aggregating ₹ 60.74 crores).

The company continues to build a strong foundation for the future and remains confident of effectively leveraging its deep domain expertise to fortify its market standing in the seed potato industry.

Technico Pty Limited and its subsidiaries

The company continues to focus on upgradation and commercialisation of its TECHNITUBER[®] Seed Technology and customising its application across various geographies. Further, the company is also engaged in the marketing of TECHNITUBER[®] seed produced at the facilities of its subsidiaries in China and Canada and Technico Agri Sciences Limited, India, a wholly-owned subsidiary of your Company, to global customers. For the year under review:

- Technico Pty Limited, Australia registered a turnover of Australian Dollar (A\$) 1.86 million (previous year A\$ 2.09 million) and a Net Profit of A\$ 0.91 million (previous year A\$ 0.79 million).
- Technico Asia Holdings Pty Limited, Australia, Technico Technologies Inc., Canada and Technico

Report of the Board of Directors

Horticultural (Kunming) Co. Limited, China – there were no significant events to report with respect to the above companies.

WelcomHotels Lanka (Private) Limited

WelcomHotels Lanka (Private) Limited (WLPL), a wholly-owned subsidiary of your Company, was incorporated in Sri Lanka in April 2012 with the objective of developing and operating a mixed-use development project ('Project') comprising a luxury hotel and a super-premium residential apartment complex situated on 5.86 acres of prime sea-facing land in Colombo.

The Project has been accorded the status of a 'Strategic Development Project' entitling the company to various fiscal benefits in Sri Lanka. Further, the Project is also exempt from Sri Lankan foreign exchange regulations.

Project construction activity, which was running on schedule till Q3 FY 2018-19, was adversely impacted due to disruptions in the aftermath of the terror incidents in 2019 and thereafter by recurrent waves of the COVID pandemic. The recent deterioration of the macro-economic scenario in the country has exacerbated the situation. The Government of Sri Lanka is taking several measures to mitigate the crisis; these include securing financial assistance from multi-lateral agencies/other countries, increasing interest rates to curb inflation and restricting imports to conserve foreign exchange. The company continues to closely monitor the evolving situation.

In spite of the aforementioned challenges and operational constraints, the company remains focused on completing the Project in an expeditious manner. The macro-economic challenges faced by the country have impacted, inter alia, the sales velocity of 'The Sapphire Residences' luxury apartments. Given its unique positioning in the market and superior value proposition, the company expects apartment sales to gain traction as the project nears completion and normalisation of the situation in the country.

Your Company's investment in WLPL stood at ₹ 2169 crores as at 31st March, 2022.

Landbase India Limited

The company owns and operates the Classic Golf & Country Club, a 27-hole Jack Nicklaus Signature Golf Course – which continues to enjoy strong brand equity with its members, guests and the golfing fraternity. Operations at the Club remained impacted by the disruptions caused by the pandemic, particularly in the first half of the year. The Club continued to ensure the highest safety and hygiene standards and social distancing norms leading to progressive improvement in member footfalls in course of the year. The Club continues to remain an 'Asian Tour Destinations Member', the only one in the country, and hosted the prestigious Asian Tour Golf Tournament that was held in India after a period of three years.

The company also owns 'ITC Grand Bharat' – a 104-key all-suite luxury retreat at Gurugram, which has been licensed to your Company. The retreat, an oasis of unhurried luxury, is co-located with the company's prestigious Classic Golf & Country Club.

ITC Grand Bharat has received several accolades, establishing itself amongst the top luxury resort destination hotels in the world. Travel + Leisure, one of the world's leading magazines in the travel and hospitality sector, had declared ITC Grand Bharat as the 'Best Wellness Retreat' in the domestic category as part of India's Best Awards, 2020. The retreat has also been recognised as the 'Best Destination Wedding Venue in India, Hotels (North)' by WeddingSutra Influencer Awards, 2021.

During the year ended 31st March, 2022, the company recorded Total Income of ₹ 29.45 crores (previous year ₹ 25.03 crores) and Net Profit of ₹ 2.85 crores (previous year ₹ 3.80 crores). Total Comprehensive Income for the year stood at ₹ 2.88 crores (previous year ₹ 3.85 crores).

Srinivasa Resorts Limited

The company owns 'ITC Kakatiya' – a 188-key luxury hotel located in Hyderabad city, which is operated and marketed by your Company. The property has received several accolades, establishing itself as one of the finest luxury hotels and F&B destinations in

the city. During the year, the property received LEED® Platinum certification from United States Green Building Council as well as the Gold Award under 'Energy Conservation' category by Telangana State Renewable Energy Development Corporation Limited. 'Dakshin' was adjudged the 'Best South Indian Fine Dining Restaurant' at the Times Food Guide Nightlife Awards 2022 for the 12th consecutive year and 'Gourmet Couch' was adjudged the 'Best Takeaway' at the Times Food Guide Nightlife Awards 2022, for the 2nd consecutive year.

The company witnessed progressive recovery driven by resumption of business and international travel. The hotel continued to follow the highest standards of safety and hygiene for all stakeholders.

During the year ended 31st March, 2022, the company recorded Total Income of ₹ 44.86 crores (previous year ₹ 26.74 crores) with Net Loss of ₹ 1.63 crores (previous year Net Loss ₹ 8.42 crores). Total Comprehensive Income for the year stood at (-) ₹ 1.59 crores (previous year (-) ₹ 8.34 crores).

Fortune Park Hotels Limited

The company, which caters to the 'Mid-market to Upscale' Business Hotels segment under the brand 'Fortune', remains a front-runner in its operating segment and is well positioned to sustain its leadership position in the industry.

While the 'Fortune' brand is already established as a premier business hotel brand in the country, it is also rapidly expanding its footprint in the leisure segment in line with evolving market demand. During the year, two hotels were added to the portfolio at Hubballi and Goa, taking the aggregate operating inventory to nearly 3,000 rooms across 39 properties. The brand also has a healthy pipeline of leads in place, with a number of properties slated to be commissioned over the short to medium term.

The 'Mid-market to Upscale' segment witnessed progressive recovery in course of the year, especially in the leisure segment. The company strengthened its 'Safe Stays' programme across hotels with enhanced focus on safety, health and hygiene,

with 16 properties receiving ISO 9001:2015 certifications for implementing quality management systems for safe practices.

During the year ended 31st March, 2022, the company recorded Total Income of ₹ 25.39 crores (previous year ₹ 17.71 crores) and Net Profit of ₹ 0.19 crore (previous year Net Loss ₹ 6.28 crores). Total Comprehensive Income for the year stood at ₹ 0.28 crore (previous year Net Loss ₹ 6.28 crores).

Bay Islands Hotels Limited

The company's hotel in Port Blair, licensed to your Company, continues to offer a unique gateway to the Andamans with its strategic location, excellent architectural design and, superior product and service quality. Consequent to its upgradation, the hotel was rebranded as 'Welcomhotel' last year and has received favourable guest response.

Tourism in the Andamans remained severely restricted on account of the pandemic during the year. In addition, partial closure of airport operations at Port Blair due to ongoing renovation activities also impacted tourist arrivals to the island. In spite of such challenges, the hotel has demonstrated progressive improvement across the year and appropriate measures relating to safety, health and hygiene protocols continue to be in place.

During the year ended 31st March, 2022, the company recorded Total Income of ₹ 1.61 crores (previous year ₹ 1.11 crores) and Net Profit and Total Comprehensive Income of ₹ 1.14 crores (previous year ₹ 0.77 crore).

The Board of Directors of the company has recommended a dividend of ₹ 70.00 per Equity Share of ₹ 100 each for the year ended 31st March, 2022 (previous year ₹ 70.00 per Equity Share).

Wimco Limited

The company's business activities comprise fabrication and assembly of machinery for tube filling, cartoning, wrapping, material handling including conveyor solutions and engineering services for the FMCG and Pharmaceutical industries.

Report of the Board of Directors

In view of the uncertainties arising out of the pandemic, the operating environment remained subdued during the year. However, the company leveraged its strong customer relationships to improve its order book during the year. The company's Revenue from Operations for the year stood at ₹ 11.62 crores (previous year ₹ 6.29 crores) with a Net Loss of ₹ 0.42 crore (previous year Net Loss of ₹ 2.42 crores). Total Comprehensive Income for the year stood at (-) ₹ 0.44 crore (previous year (-) ₹ 2.42 crores). The company continues to focus on developing superior solutions towards addressing customer requirements.

The Honourable National Company Law Tribunal, Mumbai Bench ('NCLT'), vide Order dated 9th April, 2021, had confirmed the reduction of Issued, Subscribed and Paid-up Equity Share Capital of the company from ₹ 18,84,60,000/- comprising 18,84,60,000 Equity Shares of ₹ 1/- each to ₹ 18,50,81,193/- comprising 18,50,81,193 Equity Shares of ₹ 1/- each by way of cancelling and extinguishing, in aggregate, 33,78,807 Equity Shares of ₹ 1/- each held by shareholders other than your Company in lieu of payment not exceeding ₹ 1/- per Equity Share to such shareholders.

During the year, the said reduction of Equity Share Capital of the company became effective, and the company became a wholly owned subsidiary of your Company with effect from 29th July, 2021 upon completion of necessary formalities under Section 66 of the Companies Act, 2013.

North East Nutrients Private Limited

Your Company holds 76% equity stake in North East Nutrients Private Limited, which has set up a food processing facility in Mangaldoi, Assam, to cater to the fast-growing biscuits market in Assam and other north-eastern states.

During the year, the company faced challenging operating environment which resulted in subdued demand. The company continued to drive margins through its strategic cost management measures. Over the years, the company has consistently improved operational efficiency, productivity and

strengthened safety standards. During the year, the company received the Platinum Award in the CII National Poka Yoke Competition.

The company's Revenue from Operations for the year stood at ₹ 163.90 crores (previous year ₹ 172.52 crores), while Net Profit for the year increased to ₹ 14.43 crores (previous year ₹ 9.06 crores). Total Comprehensive Income for the year stood at ₹ 14.37 crores (previous year ₹ 9.08 crores).

ITC IndiVision Limited

ITC IndiVision Limited (IIVL) was incorporated as a wholly-owned subsidiary of your Company on 9th July, 2020.

The company made steady progress during the year towards construction of the manufacturing facility near Mysuru, Karnataka, primarily for the manufacture and export of nicotine and nicotine derivative products; the project is progressing as per schedule. The facility is being geared to manufacture purest nicotine derivatives conforming to US and EU pharmacopoeia standards.

Your Company's investment in IIVL stood at ₹ 150 crores as at 31st March, 2022.

Russell Credit Limited

The company recorded Total Income of ₹ 41.56 crores (previous year ₹ 64.37 crores) and Net Profit of ₹ 33.46 crores (previous year ₹ 49.47 crores), reflecting the lower market interest rates that prevailed during the year on account of accommodative policies pursued by the Reserve Bank of India.

Total Comprehensive Income for the year stood at ₹ 120.79 crores (previous year ₹ 86.38 crores), reflecting the recovery in the market value of certain long-term strategic investments, which had been impacted due to the pandemic. The company continues to closely monitor its investments in line with market interest rate movements and explore opportunities to make strategic investments for the ITC Group.

Temporary surplus liquidity of the company is mainly deployed in bonds, debt mutual funds, bank fixed deposits, etc. For the financial year 2021-22,

the company declared interim dividend of ₹ 0.19 per Equity Share of ₹ 10 each and a final dividend of ₹ 0.06 per Equity Share of ₹ 10 each, aggregating ₹ 16.16 crores (previous year ₹ 0.20 per Equity Share of ₹ 10 each aggregating ₹ 12.93 crores).

Gold Flake Corporation Limited

The company holds 50% equity stake in ITC Essentra Limited – a joint venture with Essentra Group, UK. During the year, the company recorded Total Income of ₹ 17.29 crores (previous year ₹ 8.41 crores) and Net Profit of ₹ 16.08 crores (previous year ₹ 7.30 crores). The company declared interim dividend of ₹ 10.00 per Equity Share of ₹ 10 each, aggregating ₹ 16.00 crores (previous year ₹ 6.25 per Equity Share of ₹ 10 each, aggregating ₹ 10.00 crores).

Greenacre Holdings Limited

The company continues to provide maintenance services for commercial office buildings; engineering, procurement and construction management services as well as project management consultancy services.

During the year, the company recorded Total Income of ₹ 8.09 crores (previous year ₹ 5.65 crores) and Net Profit of ₹ 1.79 crores (previous year ₹ 3.71 crores, which included a one-off reversal of deferred tax liabilities aggregating ₹ 1.44 crores).

ITC Investments & Holdings Limited

The company, an unregistered Core Investment company within the meaning of the Core Investment Companies (Reserve Bank) Directions, 2016 and related guidelines, recorded Total Income of ₹ 0.05 crore during the year (previous year ₹ 0.06 crore) and Net Profit of ₹ 0.01 crore (previous year ₹ 0.01 crore).

MRR Trading & Investment Company Limited

The company, a wholly-owned subsidiary of ITC Investments & Holdings Limited, holds tenancy rights in a commercial building located in Mumbai and also provides estate maintenance services.

During the year, the company recorded Total Income of ₹ 7.25 lakhs (previous year ₹ 7.26 lakhs) and Net Profit of ₹ 0.13 lakh (previous year ₹ 0.33 lakh).

Pavan Poplar Limited

The operations of the company continue to be adversely impacted pursuant to the Order of the Honourable High Court of Uttarakhand at Nainital in February 2014 dismissing the Writ Petition filed by the company against the Order of the District Magistrate authorising the State authorities to take possession of the land leased to the company. The appeal filed by the company against the aforesaid Order was admitted in April 2014 and the matter is pending before the Honourable High Court.

During the year, the company recorded Total Income of ₹ 0.05 crore (previous year ₹ 0.22 crore) and Net Loss of ₹ 0.04 crore (previous year Net Profit of ₹ 0.09 crore).

Prag Agro Farm Limited

The operations of the company continue to be adversely impacted pursuant to the Order of the Honourable High Court of Uttarakhand at Nainital in February 2014 dismissing the writ petition filed by the company against the Order of the District Magistrate authorising the State authorities to take possession of the land leased to the company. The appeal filed by the company against the aforesaid Order was admitted in April 2014 and the matter is pending before the Honourable High Court.

During the year, the company recorded Total Income of ₹ 0.09 crore (previous year ₹ 0.10 crore) and Net Loss of ₹ 0.05 crore (previous year Net Loss of ₹ 0.03 crore).

NOTES ON JOINT VENTURES

ITC Essentra Limited

The Business registered strong recovery in course of the year in spite of pandemic led disruptions. Operational agility and effective customer service enabled the company to ensure seamless performance delivery during the year. The company retained its leadership position of being the preferred supply chain partner for several well-known national and international brands leveraging its core strengths of strong customer relationships, focused innovation, best-in-class quality and consistent delivery.

Report of the Board of Directors

The company continues to partner with its customers and make investments in innovation, technology upgradation and capability building towards sustaining its position as the 'innovation and quality benchmark' in the Indian cigarette filter industry. During the year, the company expanded its capacity for manufacture of Specialty Filters, in line with its strategy of offering a wide range of innovative products to its customers.

During the year ended 31st March, 2022, the company's Revenue from Operations stood at ₹ 385.62 crores (previous year ₹ 337.87 crores). Net Profit during the year stood at ₹ 41.09 crores (previous year Net Profit of ₹ 36.23 crores).

The Board of Directors has recommended a dividend of ₹ 80.00 per Equity Share of ₹ 10 each for the year ended 31st March, 2022 (previous year ₹ 70.00 per Equity Share, including special dividend of ₹ 30.00 per equity share).

Maharaja Heritage Resorts Limited

Maharaja Heritage Resorts Limited (MHRL), a joint venture of your Company with Jodhana Heritage Resorts Private Limited, currently operates 37 heritage properties across 15 States in India under the 'WelcomHeritage' brand. The portfolio of properties, comprising 'Legend Hotels', 'Heritage Hotels' and 'Nature Resorts', provides uniquely differentiated offerings to guests in the cultural, heritage, nature, wildlife and adventure tourism segments respectively. Operations across properties were impacted by the pandemic and demonstrated progressive recovery in course of the year. During the year, MHRL expanded its footprint in southern markets with the signing of new properties in Kochi and Ootacamund.

During the year ended 31st March, 2022, the company recorded Total Income of ₹ 4.70 crores (previous year ₹ 2.30 crores) and Net Profit of ₹ 0.28 crores (previous year Net Loss of ₹ 0.68 crores). Total Comprehensive Income for the year stood at ₹ 0.29 crores (previous year Net Loss ₹ 0.68 crores).

Espirit Hotels Private Limited

Espirit Hotels Private Limited (EHPL) is a joint venture between your Company and the Ambience Group,

Hyderabad, for developing a luxury hotel complex at Begumpet, Hyderabad. Under the terms of the Joint Venture Agreement, your Company acquired 26% equity stake in EHPL and will, inter alia, provide hotel operating services upon commissioning of the hotel.

As reported in prior years, the Ambience Group has expressed its desire to review the timing of further investments in EHPL, citing concerns about the viability of the project in view of the challenging economic environment and the sluggish demand conditions currently prevailing in the relevant market. Your Company continues to explore its options in this regard.

Your Company's investment in EHPL stood at ₹ 46.51 crores as at 31st March, 2022.

Logix Developers Private Limited

Logix Developers Private Limited (LDPL) is a joint venture between your Company and Logix Estates Private Limited for developing a luxury hotel-cum-service apartment complex at the company's leasehold site located at Sector 105 in New Okhla Industrial Development Authority (NOIDA). Under the terms of the Joint Venture Agreement, your Company holds 27.9% equity stake in LDPL and will, inter alia, provide hotel operating services, upon commissioning of the hotel.

As reported in prior years, your Company reiterated its position with the JV partner that it was committed to developing a luxury hotel-cum-service apartment complex as envisaged under the JV Agreement and that it was not interested in progressing with any alternative project plans proposed by the JV partner. However, the JV partner refused to progress the project and instead expressed its intent to exit from the JV by selling its stake to your Company.

Subsequently, the JV partner proposed that both parties should find a third party to sell the entire shareholding in LDPL. In view of these developments, your Company had filed a petition before the erstwhile Company Law Board submitting that the affairs of the JV entity were being conducted in a manner that was prejudicial to the interest of your Company and the JV entity. The matter is currently before the National Company Law Tribunal (NCLT). The JV partner had

also filed a petition before the Honourable Delhi High Court for winding up the JV company, which was transferred to the NCLT by the Honourable Delhi High Court. The matter was heard before the NCLT on several occasions in the past but could not be concluded. On 21st January, 2020, the matter was assigned to a new bench; the matter is being heard and the date of next hearing is slated for 30th May, 2022.

During the year, the company received notices from NOIDA demanding payments in respect of the aforesaid lease. The company has submitted its responses in this regard.

During the year ended 31st March, 2022, the company recorded a Net Loss of ₹ 47.58 crores (previous year ₹ 40.28 crores). The Net Worth of the company stood at (-) ₹ 195.20 crores as at 31st March, 2022 (previous year (-) ₹ 147.62 crores). Your Company's total investment in LDPL was ₹ 41.95 crores.

Your Company had made provisions aggregating ₹ 33.45 crores towards diminution in the carrying value of investment in LDPL in the previous years, bringing the carrying value of your Company's investment in LDPL as at 31st March, 2022, to ₹ 8.50 crores.

The financial statements of LDPL for the year ended 31st March, 2022, are yet to be approved by its Board of Directors. In the absence of audited financial statements of LDPL, the Consolidated Financial Statements of your Company for the year ended 31st March, 2022, have been prepared based on the financial statements prepared by the management of LDPL.

NOTES ON ASSOCIATES

International Travel House Limited

The company is engaged in the business of providing travel related services to corporate travellers in India and abroad. The services include car rentals, business travel, leisure, meetings, incentives, conferencing, exhibitions, foreign exchange and hotel travel services. During the year, the industry was severely impacted by the second and third waves of the pandemic. In spite of a challenging operating environment, the company witnessed a healthy recovery with gradual pick-up in mobility.

To reinforce the concerns of safety, the company continued to leverage its program of 'The SAFE Car Promise', reassuring its customers on the highest standards of reliability, safety and hygiene. During the year, the company expanded its leisure offerings and continued to make focused initiatives towards further strengthening its customer service model.

During the year ended 31st March, 2022, the company recorded a Total Income of ₹ 96.51 crores (previous year ₹ 62.16 crores) and Net Loss for the year of ₹ 10.70 crores (previous year Net Loss of ₹ 45.07 crores). Total Comprehensive Income for the year stood at (-) ₹ 10.18 crores (previous year (-) ₹ 45.01 crores).

Gujarat Hotels Limited

The company's hotel, 'Welcomhotel Vadodara', at Vadodara is operated by your Company under an Operating License Agreement.

Pandemic-induced restrictions during the first half of the year adversely impacted the revenue from License Agreement.

During the financial year ended 31st March, 2022, the company recorded Total Income of ₹ 3.57 crores (previous year ₹ 3.06 crores) with Net Profit and Total Comprehensive Income of ₹ 2.72 crores (previous year ₹ 2.27 crores). The Board of Directors of the company has recommended a dividend of ₹ 2.00 per Equity Share of ₹ 10/- each, for the year ended 31st March, 2022 (previous year ₹ 1.80 per Equity Share).

ATC Limited (an associate of Gold Flake Corporation Limited)

The company is a contract manufacturer of cigarettes. The company's operations during the first quarter of the year were impacted by supply chain disruptions due to the pandemic. The company continued to maintain high levels of operational responsiveness and benchmark quality in its manufacturing operations to service its customers. During the year, the company was conferred with the EHS Excellence Gold Award by Federation of Indian Chambers of Commerce & Industry (FICCI) and Energy Efficient Unit Award by Confederation of Indian Industry (CII).

Report of the Board of Directors

During the year, the company recorded Total Income of ₹ 27.11 crores (previous year ₹ 25.47 crores) and Net Profit of ₹ 0.35 crore (previous year ₹ 0.24 crore).

Delectable Technologies Private Limited

During the year, your Company invested ₹ 1.87 crores towards the third tranche of Compulsorily Convertible Preference Shares in Delectable Technologies Private Limited (Delectable). Your Company's effective shareholding in Delectable increased to 27.34% (previous year 20.06%) on a fully diluted basis.

The company is, inter alia, engaged in sale of FMCG products leveraging app-based technology through vending machines, primarily installed across office locations. Operations of the company were impacted in the first half, with most offices remaining shut or operating with limited employees on account of the pandemic. The business witnessed gradual recovery in the second half on the back of improved mobility and easing of restrictions.

During the year, the company recorded Total Income of ₹ 1.14 crores (previous year ₹ 0.90 crore) and Net Loss of ₹ 1.30 crores (previous year Net Loss of ₹ 1.87 crores).

Associates of Russell Credit Limited

Russell Investments Limited

During the year, the company recorded Total Income of ₹ 2.83 crores (previous year ₹ 3.50 crores) and Net Profit of ₹ 3.38 crores (previous year ₹ 2.27 crores). Total Comprehensive Income for the year stood at ₹ 15.51 crores (previous year ₹ 8.88 crores) reflecting the recovery in market value of certain investments which had been impacted due to the pandemic in the previous year. The company continues to explore opportunities for strategic investments.

Divya Management Limited

During the year, the company recorded Total Income of ₹ 0.40 crore (previous year ₹ 0.52 crore) and Net Profit of ₹ 0.28 crore (previous year ₹ 0.17 crore). The company continues to explore opportunities for strategic investments.

Anrang Finance Limited

During the year, the company recorded Total Income of ₹ 0.22 crore (previous year ₹ 0.28 crore) and Net Profit of ₹ 0.05 crore (previous year ₹ 0.10 crore). The company continues to explore opportunities for strategic investments.

INTERNAL FINANCIAL CONTROLS

The Corporate Governance Policy guides the conduct of affairs of your Company and clearly delineates the roles, responsibilities and authorities at each level of its three-tiered governance structure and key functionaries involved in governance. The ITC Code of Conduct commits management to financial and accounting policies, systems and processes. The Corporate Governance Policy and the ITC Code of Conduct stand widely communicated across the enterprise at all times and together with the 'Strategy of Organisation', Planning & Review Processes and the Risk Management Framework provide the foundation for Internal Financial Controls with reference to your Company's Financial Statements.

Such Financial Statements are prepared on the basis of the Significant Accounting Policies that are carefully selected by management and approved by the Audit Committee and the Board. These Policies are supported by the Corporate Accounting and Systems Policies that apply to the entity as a whole to implement the tenets of Corporate Governance and the Significant Accounting Policies uniformly across your Company. The Accounting Policies are reviewed and updated from time to time. These, in turn, are supported by a set of Divisional policies and Standard Operating Procedures (SOPs) that have been established for individual businesses.

Your Company uses Enterprise Resource Planning (ERP) systems as a business enabler and also to maintain its books of accounts. The SOPs, in tandem with transactional controls built into the ERP systems, ensure appropriate segregation of duties, tiered approval mechanisms and maintenance of supporting records. The Information Management Policy reinforces the control environment. The systems, SOPs and controls are reviewed by Divisional management and audited by Internal Audit

whose findings and recommendations are reviewed by the Audit Committee and tracked through till implementation.

Your Company has in place adequate internal financial controls with reference to the Financial Statements. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial information; complying with applicable statutes; safeguarding assets from unauthorised use; ensuring that transactions are carried out with proper authorisation and complying with Corporate Policies and Processes. Such controls have been assessed during the year, after taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India. Based on the results of such assessment carried out by management, no reportable material weakness or significant deficiency in the design or operation of internal financial controls was observed. Nonetheless, your Company recognises that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

RISK MANAGEMENT

As a diversified enterprise, your Company continues to focus on a system-based approach to business risk management. The management of risk is embedded in the corporate strategies of developing a portfolio of world-class businesses that best match organisational capability with opportunities in domestic and international markets, developing capabilities and competencies for the future in order to enhance competitiveness and win in the markets of tomorrow. Accordingly, management of risk has always been an integral part of your Company's 'Strategy of Organisation' and straddles its planning, execution and reporting processes & systems. Backed by strong internal control systems, the current Risk Management Framework consists of the following key elements:

- The Corporate Governance Policy, approved by the Board, clearly lays down the roles and responsibilities of the various entities in

relation to risk management covering a range of responsibilities, from strategic to the operational. These role definitions, inter alia, provide the foundation for appropriate risk management procedures, their effective implementation across your Company and independent monitoring and reporting by Internal Audit.

- The Risk Management Committee, constituted by the Board, monitors and reviews the strategic risk management plans of your Company as a whole and provides necessary directions on the same.
- The Corporate Risk Management Cell, through focused interactions with businesses, facilitates the identification and prioritisation of strategic and operational risks, development of appropriate mitigation strategies and conducts periodic reviews of the progress on the management of identified risks.
- A combination of centrally issued policies and Divisionally-evolved procedures brings robustness to the process of ensuring that business risks are effectively addressed.
- Appropriate structures are in place to proactively monitor and manage the inherent risks in businesses with unique/relatively high risk profiles.
- Foreign currency exposures continue to be managed within the framework of the Forex Manual.
- A strong and independent Internal Audit function at the Corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk management processes may need to be strengthened. The Audit Committee of the Board reviews Internal Audit findings and provides strategic guidance on internal controls. The Audit Compliance Review Committee closely monitors the internal control environment within your Company including implementation of the action plans emerging out of internal audit findings.
- At the Business level, Divisional Auditors continuously verify compliance with laid down policies and procedures and help plug control gaps by assisting operating management in the formulation of control procedures.

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- A robust and comprehensive framework of strategic planning and performance management ensures realisation of business objectives based on effective strategy implementation. The annual planning exercise requires all Businesses to clearly identify their top risks and set out a mitigation plan with agreed timelines and accountabilities. Businesses are required to confirm periodically that all relevant risks have been identified, assessed, evaluated and that appropriate mitigation systems have been implemented.

Your Company endeavours to continuously sharpen its Risk Management systems and processes in line with a rapidly changing business environment. In this regard, it is pertinent to note that some of the key Businesses of your Company have adopted the ISO 31000 Risk Management Standard and accordingly, the Risk Management systems and processes prevalent in these Businesses have been independently assessed to be compliant with the said global Standard on Risk Management. This year, Agri SBU, Personal Care Products Business and the Life Sciences and Technology Centre were assessed for compliance with ISO 31000 Risk Management Standard. This is in addition to the six Businesses which were previously assessed for such compliance. The centrally anchored initiative of conducting external independent reviews of key business processes with high 'value at risk' continued during the year. These interventions provide further assurance on the robust nature of risk management practices prevalent in your Company.

During the year, the Risk Management Policy & Framework of your Company was revised in line with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations 2021, inter alia, to incorporate (i) framework for identification of Environmental, Social, Governance (ESG) related risks as well as sustainability risks, information risks and cyber security risks, (ii) measures for risk mitigation including systems and processes for internal control of identified risks, and (iii) Business Continuity Plan(s). Your Company already has systems and processes to monitor and mitigate the

forementioned risks. With the amendment, added emphasis is being given to these areas across your Company.

The Risk Management Committee met thrice during the year and was updated on the status and effectiveness of the risk management plans. The Audit Committee was also updated on the effectiveness of your Company's Risk Management systems and policies.

A Cyber Security Committee, chaired by the Chief Information Officer, is in place to provide specific focus on cyber security related risks, with the primary responsibility of tracking emerging practices and technologies and providing suitable recommendations for enhancing security of the IT systems and infrastructure. The Chief Information Officer, an invitee to the Risk Management Committee, is responsible for ensuring that the Cyber Security systems of your Company remain effective and contemporary.

Cyber security controls are embedded in your Company's Information Technology (IT) environment to ensure protection from risks of unauthorised access, unauthorised changes or unavailability of the systems. Key cyber security controls include secure configuration of enterprise assets and software, malware defences, periodic vulnerability and penetration testing, controlled access to critical business applications, appropriate segregation of duties and ongoing cyber security awareness programs for users.

The cyber security framework of your Company includes specific checks and controls for your Company's digital marketing initiatives and public facing websites. The framework further encompasses secure management of Mobile Applications and Industrial Control Systems (ICS).

An independent agency has confirmed that the practices in the area of Information Technology-Operational Technology (IT-OT) integration across major Businesses of your Company are adequate and benchmarked to Industry. However, since this is a fast-evolving area, ongoing attention will be accorded to ensure contemporariness and best-in-class capabilities.

Your Company sources several commodities for use as inputs in its Businesses and also engages in agri-commodity trading as part of its Agri Business. In respect of commodities sourced for use as inputs in its Businesses, your Company has well laid out policies to manage risks arising out of the inherent price volatility associated with such commodities. This includes robust mechanisms for monitoring market dynamics towards making informed sourcing decisions; well defined inventory holding norms based on considerations such as seasonality and the strategic nature of the commodity concerned; long-term contracts with suppliers to secure supply of critical items at competitive costs and continuous diversification of supplier base. Multiple sourcing models, wide geographical spread, extensive sourcing and supply chain network and associated infrastructure in key growing areas coupled with deep-rooted farmer linkages ensure sourcing of high quality agri-commodities at competitive costs.

Your Company's strategy of backward integration in sourcing of agri-commodities such as wheat, potato, fruit pulp, spices, milk and leaf tobacco; in-house manufacturing of paperboards, paper and packaging (including pulp production and print cylinder making facilities); wood procurement from the economic vicinity of the Bhadrachalam unit, facilitates access to critical inputs at benchmark quality and competitive cost besides ensuring security of supplies. Further, each of your Company's Businesses continuously focuses on product mix enrichment and yield improvement towards protecting margins and insulating operations from spikes in input price.

In respect of Agri-commodity trading, your Company has a well laid out policy to manage risks associated with sourcing of such commodities. This includes:

- segregation of duties and robust internal controls through a system of checks and balances embedded in the organisation and governance structure;
- clearly defined limits for trading position (long and short) and net cash loss for specific commodities/commodity groups;
- mitigation of price, liquidity and counter party risks in respect of commodities such as soya,

mustard and chana through hedging on commodity exchanges (mainly NCDEX). Correlation between prices prevailing in the physical market and those on the commodity exchange is analysed regularly to ensure effectiveness of hedging;

- robust monitoring and review mechanisms of net open positions and 'value at risk'.

The combination of policies and processes as outlined above adequately addresses the various risks associated with sourcing of commodities for your Company's Businesses.

During the year, systems and processes to handle pandemic related threats and risks were further strengthened against the backdrop of the second and third waves of the pandemic. This has enabled seamless transition to 'Work from Home', safety of employees and service providers, continued availability of raw materials, rapid resumption of operations at units and agile response to the dynamic requirements of the distribution network. Recent learnings in dealing with the pandemic have been seamlessly incorporated in the day-to-day procedures of your Company and will continue to be leveraged going forward.

In response to the pandemic and escalation of geopolitical tensions, various measures have been taken to ensure continuity in operations and servicing your Company's customers. This includes increasing safety stock levels, leveraging alternate channels of distribution, broad basing manufacturing partners and activating alternate suppliers of key materials thereby increasing the resilience of supply chain.

The risk management practices of your Company, as reviewed through the Risk Management Cell and Internal Audit processes, have been found to be relevant and commensurate with the size and complexity of your Company's operations.

AUDIT AND SYSTEMS

Your Company believes that strong internal control systems that are commensurate with the scale, scope and complexity of its operations are concomitant to the principle of governance that freedom of management

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should be exercised within a framework of appropriate checks and balances.

Your Company remains committed to ensuring a mature and effective internal control environment that, inter alia, provides assurance on orderly and efficient conduct of operations, security of assets, prevention and detection of frauds/errors, accuracy and completeness of accounting records and Management Information Systems, timely preparation of reliable financial information, adherence with relevant statutes and compliance with related party transactions.

Your Company's internal control systems include documented policies and procedures, segregation of duties and careful selection and development of employees.

Your Company's independent and robust Internal Audit processes, both at the Business and Corporate level, provide assurance on the adequacy and effectiveness of internal controls, compliance with operating systems, internal policies and regulatory requirements.

The Internal Audit function, consisting of professionally qualified accountants, engineers and Information Technology (IT) specialists, is adequately skilled and resourced to deliver audit assurances at highest levels. Targeted Learning and Development programmes on contemporary topics are periodically organised to enhance knowledge and skill sets.

Independent consultants have confirmed compliance of Internal Audit systems and processes with the Standards on Internal Audit (SIA) issued by the Institute of Chartered Accountants of India. Although the Standards continue to be recommendatory in nature, such external validation evidences the contemporariness of the Internal Audit function.

In the context of your Company's IT environment, systems and policies relating to Information Management are periodically reviewed and benchmarked for contemporariness. Compliance with the Information Management policies receives focused attention of the Internal Audit team. Business-led Information Technology systems undergo

pre-implementation audit before being deployed in the operating environment, thereby delivering assurance with respect to the rigour of implementation.

Your Company's Internal Audit continues to leverage digital and automation tools benchmarked to global technology standards to ensure focused Information Technology control assessment for various areas of automation including robotics and IT applications across Businesses.

Qualified engineers in the Internal Audit function review the quality of design, planning and execution of all ongoing projects involving significant expenditure to ensure that project management controls are adequate and yield 'value for money'. Internal Audit continues to use state-of-the-art tools and software for conducting project audits.

Processes in the Internal Audit function are continuously strengthened for enhanced effectiveness and productivity including the deployment of contemporary best-in-class tools for audit analytics.

Your Company's Internal Audit processes are certified as complying with ISO 9001:2015 Quality Standards. The Audit methodology is also designed to validate effectiveness of critical IT controls that are embedded in business systems deployed across your Company, enabling a high degree of assurance on efficacy of business process controls. The scope of Internal Audit coverage also includes assessment of emerging risks in the social media ecosystem and adoption of digital technologies.

Restrictions on mobility caused by recurrent waves of the pandemic during the year continued to impact the physical audit process. Under such challenging circumstances and considering the safety & well-being of employees, the team continued its audits under the 'remote audit' approach leveraging technology to ensure continuity in audit and assurance processes. A comprehensive Standard Operating Procedure comprising, inter alia, data security controls and communication protocols facilitated seamless and effective conduct of remote internal audits during the year.

With a view to further enhancing productivity, improving the efficacy of audit processes and optimising costs, Internal Audit is progressively moving towards adopting a 'hybrid' approach involving a combination of onsite and offsite audits.

The Audit Committee of your Board met ten times during the year. The Committee approves the Internal Audit programme for the year so as to ensure adequacy of coverage. The Terms of Reference of the Audit Committee, inter alia, include reviewing the effectiveness of the internal control environment, evaluation of your Company's internal financial controls, and risk management systems, monitoring implementation of the action plans emerging out of review of significant Internal Audit findings including those relating to strengthening of your Company's risk management systems and discharging of statutory mandates.

HUMAN RESOURCE DEVELOPMENT

The talent management strategy of your Company focuses on sustaining ITC's position as one of India's most valuable corporations, remaining customer-focused, competitively superior, performance-driven and future-ready. The initiatives and processes of your Company strive to deliver the unique talent promise of Building Winning Businesses, Building Business Leaders, and Creating Value for India. The talent development practices help create, foster and strengthen the capability of human capital to deliver critical outcomes on the vectors of strategic impact, operational efficiency and capital productivity.

Your Company's 'Strategy of Organisation' is designed to promote agility through a culture and practice of distributed leadership enabled by a three-tier governance structure. This is manifested in market and consumer facing Businesses, which are driven by empowered, cluster-based teams and supported by shared assets and capabilities, enabling strategic relevance, speed, responsiveness, and operational excellence. This approach allows Businesses, through their Management Committees, to focus, develop and execute Business Plans relevant to their product-market spaces while leveraging the

institutional strengths of your Company and harvesting internal synergies.

Your Company's Human Resources development approach spans four key organisational dimensions of Agility, Alignment, Ability and Architecture; which are supported through strategies crafted in areas of impact such as talent acquisition, engagement, diversity & inclusion, capability building, employee relations, performance & rewards and employee well-being.

The year under review witnessed significant upheaval in the talent market. While the pandemic led to a short-term demand-supply disequilibrium in the workforce, the rapid digitalisation of the ecosystem and entry of several technology-driven and privately funded enterprises have heightened competition for certain critical talent pools. Your Company's unique employer equity as an exemplary Indian enterprise creating world-class brands, building business leaders and generating economic, social and environmental capital for the Indian economy, continues to play a vital role in the attraction and retention of high-quality talent. The management trainee programme, augmented with recruitment of experienced talent from the market, is an integral part of the leadership pipeline development process. Your Company continues to draw the finest management, technical and commercial talent from premier institutions in the country and is ranked amongst the leading companies in these institutions. Intensive engagement with the country's premier academic institutions over the years to communicate your Company's talent proposition through case-study competitions, knowledge-sharing programmes by senior managers and the annual internship programmes have all contributed to creating a compelling proposition for the best candidates to aspire for a career with your Company. Your Company continues to enthuse talent with high-impact roles, competitive and performance driven remuneration, with an emphasis on long-term incentives relative to industry, diversity in learning opportunities, a commitment to enhancing diversity & inclusion, an employee-centric climate, well-being focused infrastructure and support that promotes fellowship and commitment amongst employees.

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Your Company's approach to management development is founded on the belief that learning initiatives must remain synergistic and aligned to business outcomes. Towards this end, your Company has built a culture of continuous learning, innovation and collaboration by providing contemporary and relevant learning and development support to managers through a combination of platforms – classroom, on-the-job, self-paced e-learning modules and application projects. The emphasis is on providing experiential learning while remaining current with the curriculum and providing access to nationally and globally recognised high-quality faculty. Deep functional expertise is fostered early in one's career through immersion in complex problem-solving assignments requiring the application of domain expertise. Managers are assessed on your Company's behavioural competency framework and provided with learning and development support to address areas identified for improvement. Key talent is provided critical experiences in high impact roles and mentored by senior managers. This promotes the development of a pool of high-quality talent through mentorship, coaching and learning opportunities.

Your Company has identified three capability platforms relevant to making Businesses future-ready – Business Critical Strategic Competencies, Leadership Development and Organisation Identity & Pride. Capability needs are identified for talent cohorts across domains covering dimensions which are of vital significance to competitive performance. These include Brand Marketing, Data Science and Analytics, Marketing in a Digital world, Business Strategy and Commercial Acumen. Globally benchmarked curriculums are designed in these domains, delivered through internationally recognised faculty and supplemented with business-critical application projects. This approach ensures that the application of learning fructifies in a manner which benefits your Company's business results. Similarly, as a part of leadership development initiatives, the Reflections 360 programme comprising feedback and coaching was conducted during the year to enable personal development of employees.

Your Company continues to strengthen its performance management system and its culture of accountability through the widespread adoption of the system of Management-by-Objectives. Performance planning through clearly defined goals, outcome-based assessment, and alignment of rewards to achievement of results have all contributed to a robust culture of ownership and accountability. 'Career Conversations' and succession planning processes have contributed to helping employees realise their potential, craft their careers while recognising their strengths and areas of development and ensuring a sound workforce planning system.

In the spirit of continuous improvement, your Company maintains a practice of periodically assessing employee engagement through a Company-wide survey. The impact was visible in the survey in 2020 wherein Engagement, Performance Enablement, and Managerial Effectiveness measures improved significantly over the previous survey. The recent survey in 2022 affirms high levels of employee engagement and reflects significant consolidation of gains achieved over recent years. During the year, a range of engagement programmes were designed and implemented, including initiatives such as leadership outreach through extensive communication, recognition programmes acknowledging exceptional contributions of employees and teams, career conversations and development planning for robust positioning and progression decisions and investments in employee wellbeing. The year also witnessed the Cigarettes Business winning the 'Silver' in the prestigious 'Economic Times Human Capital Awards 2021' for 'Excellence in Reward & Recognition programs' where your Company was appreciated for its employee recognition framework. The Cigarettes Business also secured the 'Gold' award in the 'Excellence in Health & Wellness initiatives' category where your Company showcased its 'Living Well' programme.

Your Company's efforts to enhance Diversity, Equity and Inclusion are founded on the conviction that a diverse workforce contributes to rich discourse, promotes holistic perspectives, fosters creative solutions and is integral to serving customers better while creating value for all stakeholders.

Your Company is committed to enhancing gender diversity and participation of the differently-abled in the workforce, and where needed, will undertake supportive actions in the spirit of equity at the workplace. Such concerted actions span three vectors, namely:

- Representation
- Inclusion & Enablement
- Commitment and Assurance

Measures to enhance diversity include ensuring sufficient representation of women in selection pools and deployment of the differently-abled across suitable opportunities in the value chain. Through policies offering flexible work arrangements, extended child care leave, travel support for infants and care-givers, secure transport, paternity leave, same gender partner medical benefits, infrastructure support coupled with various sensitisation programmes, formation of Employee Resource Groups and the commitment and sponsorship of leaders, your Company provides an enabling environment to further its Diversity, Equity and Inclusion goals. Amongst several positive outcomes, your Company's recruitment of talent from premier campuses reflects diversity ratios superior to the prevailing norm in such institutions.

Your Company continued its practice of active leadership outreach to employees. Periodic communication with the ITC community through 'StudioOne Townhalls' led by the Chairman, provided employees avenues to hear from and engage with leaders about your Company's vision, strategy and milestones. This was supplemented by a more personalised engagement through the 'StudioOne Xchange' initiative. The Chairman and other members of the Corporate Management Committee interacted with managers across Businesses in small groups, sharing your Company's vision and strategies while also inviting suggestions and feedback.

While your Company has covered significant ground and scaled up its digital investments exponentially in recent years, it seeks to embrace digitalisation as a foundation capability, vital to accelerating value creation, offering novel ways of interacting with consumers and reconfiguring value chains and transforming business models.

The 'Young Digital Innovators Lab' constituted in 2021, identified innovative opportunities deploying contemporary digital tools across your Company's value chains. Various 'proofs of concept' were tested which have the potential to be scaled up to create further business value. 'DigiNext', the Digital Council, participated in ideation and evaluating the adoption of various suggestions to enhance your Company's digital quotient and competitiveness.

Your Company believes that alignment of all employees to a shared vision and purpose is vital for winning in the marketplace. It also recognises the mutuality of interests with key stakeholders and is committed to continue building harmonious employee relations. Your Company remains dedicated to an Employee Relations climate of partnership and mutuality while ensuring operations are competitive, flexible and responsive. The Employee Relations philosophy of your Company, anchored in the tenets of Scientific Management, Industrial Democracy, Human Relations and Employee Well-being, has contributed towards building a robust platform which has aided the conclusion of collective bargaining agreements at several of its manufacturing units and hotel properties, ensuring smooth commencement of operations at greenfield locations and the execution of productivity improvement practices. Several initiatives have been taken to foster a culture of commitment amongst the demographically diverse workforce in these new facilities. Your Company's Foods Business was recognised with the 'Significant Achievement in Employee Relations' Award by Employers' Federation of India. The award recognises your Company's consistent commitment to excellence in Employee Relations, engage, involve and develop employees - particularly factory personnel - through a series of targeted actions contributing to a culture of collaboration, mutuality and trust.

The pandemic has cast unprecedented challenges and your Company has taken a host of measures to ensure employee wellbeing and business continuity. Your Company partnered with various internal as well as external stakeholders to support employees and their family members in the face of widespread infections, especially during the second wave of the pandemic. The provision of medical equipment

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across locations, COVID Care Centres for employees and their families, assistance with hospitalisation and treatment, paid leave for those infected or in quarantine, vaccination facilitation through camps for employees and their family members, service provider personnel and supply chain partners, medical advice through a network of Company doctors, webinars on preventive measures, counselling services and stringent risk mitigation protocols such as zoning in factories, restrictions on travel and office presence, masking, precautionary random testing, temperature checks and social distancing measures in all locations, have been instrumental in reassuring employees, mitigating risks and ensuring medical care in the event of infection. Your Company also extended financial assistance for medical treatment of employees' parents and assistance to families of deceased employees.

Your Company's thought, strategy and action are inspired by a larger purpose – a purpose to be an exemplary Indian enterprise that not only pursues agile innovation to be extremely competitive, but also one that embeds sustainability and inclusiveness at the core of its Businesses. This approach has enabled it to create enduring value for the Indian economy, and the larger community of stakeholders, as also delight consumers with a vibrant portfolio of best-in-class products and services. Each one of your Company's employees will relentlessly strive to meet the bold growth agenda, deliver world-class performance, innovate newer and better ways of doing things, uphold human dignity, foster team spirit and discharge their role as 'trustees' of all stakeholders with true faith and allegiance.

Your Company is committed to perpetuating this vitality – its growth as a value generating engine and also as an exemplary institution – so that it continues to succeed in its relentless pursuit of creating enduring value.

Details of the constitution of the Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are provided in the 'Business Responsibility Report', forming part of the Report and Accounts.

WHISTLEBLOWER POLICY

Your Company's Whistleblower Policy encourages Directors and employees to bring to your Company's attention, instances of illegal or unethical conduct, actual or suspected incidents of fraud, actions that affect the financial integrity of your Company, or actual or suspected instances of leak of unpublished price sensitive information that could adversely impact your Company's operations, business performance and/or reputation.

The Policy requires your Company to investigate such incidents, when reported, in an impartial manner and take appropriate action to ensure that the requisite standards of professional and ethical conduct are always upheld. Anonymous complaints are also entertained if the complaint sets out specific allegations & verifiable facts, and is accompanied with supporting evidence. It is your Company's Policy to ensure that no complainant is victimised or harassed for bringing such incidents to the attention of your Company, and to keep the information disclosed during the course of the investigation as confidential. The practice of the Whistleblower Policy is overseen by the Audit Committee and no employee was denied access to the Committee during the year. The Whistleblower Policy is available on your Company's corporate website at <https://www.itcportal.com/whistleblower-policy>.

SUSTAINABILITY 2.0

Your Company believes that when enterprises make societal value creation an integral part of their corporate strategy, powerful drivers of innovation emerge that make growth more enduring for all stakeholders. This paradigm is called '*Responsible Capitalism*' - an abiding strategy that focuses on extreme competitiveness but in a manner that replenishes the environment and supports sustainable livelihoods.

Your Company's innovative business models synergise the building of economic, environmental and social capital, thus embedding sustainability at the core of its corporate strategy. Today, this strategy has not only contributed to building strong

businesses of the future as well as a portfolio of winning world-class brands, but also in making your Company a global exemplar in ‘Triple Bottom Line’ performance. Your Company is the only enterprise in the world of comparable dimensions to have achieved and sustained the three key global indices of environmental sustainability of being ‘water positive’ (for 20 years), ‘carbon positive’ (for 17 years), and ‘solid waste recycling positive’ (for 15 years). This approach has enabled your Company and its businesses to support sustainable livelihoods for more than six million people.

As the world prepares for a post-pandemic future, your Company is actively working towards *Sustainability 2.0*, an agenda which reimagines sustainability under the pressing challenges of climate change and social inequity. Sustainability 2.0 calls for inclusive strategies that can support sustainable livelihoods, pursue newer ways to fight climate change, enable the transition to a net zero economy, work towards ensuring water security for all and create an effective circular economy for post-consumer packaging waste. It also entails protecting and restoring biodiversity and ecosystem services through adoption of nature-based solutions. Your Company believes that agility in thought and action, meaningful public-private-people partnerships and Responsible Capitalism will act as core enablers of this new agenda. Your Company has the potential to make a large-scale impact not only from an economic standpoint, but also from an employment generation and social enablement lens because of its presence across several critical sectors of the economy. With its bold Sustainability 2.0 agenda, your Company is setting the bar higher, and remains committed to making meaningful contribution to the Nation’s future while retaining its status as a sustainability exemplar. The Sustainability 2.0 ambitions include:

Climate Change

- Enhancing the share of renewable energy usage to 50% of total energy consumption by 2030.
- Meeting 100% of purchased grid electricity requirements from renewable sources by 2030.

- Reducing specific energy consumption by 30% and specific GHG emissions by 50% by 2030 as compared to the FY 2018-19 baseline.
- Sustain and enhance carbon sequestration by expanding forestry projects on wastelands through your Company’s Social and Farm Forestry programme and other such initiatives.

Water Stewardship

- Achieving 40% reduction in specific water consumption by 2030 as compared to the FY 2018-19 baseline.
- Creation of rainwater harvesting potential equivalent to over 5 times the net water consumption by 2030.
- Certification of all sites in high water stressed areas as per the international water stewardship standard by Alliance for Water Stewardship (AWS) by 2035.
- Improve crop water use efficiency in agri-value chains through demand side management interventions and enable savings of 2,000 million kilolitres of water by 2030.

Plastic Waste and Circular Economy

- 100% of your Company’s Packaging to be Reusable, Recyclable or Compostable/ Biodegradable by 2028.

Sustainable Agriculture

- Promote climate smart village approach in core Agri Business catchments covering over 3 million acres by 2030.

Biodiversity Conservation

- Revive & sustain ecosystem services and products provided by nature, through adoption of nature-based solutions and biodiversity conservation covering over 1 million acres by 2030.

Sustainable Livelihoods

- Supporting sustainable livelihoods for 10 million people by 2030.

Your Company’s Businesses are actively working towards achieving your Company’s Sustainability 2.0 vision. During the year, around 42% of

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your Company's total energy requirements were met from renewable sources. Commendable progress has been made in line with 2030 targets relating to specific energy, specific GHG emissions and specific water consumption across Businesses. In line with its commitment, your Company has also achieved its goal of becoming plastic neutral during FY 2021-22. During the year, your Company's large-scale programmes on Sustainable Agriculture were expanded to cover 1.5 million acres. A detailed performance dashboard against the 2030 commitments is available in your Company's Sustainability & Integrated Report, 2022.

To achieve its Sustainability 2.0 vision, your Company continues to strengthen its management approach which is guided by a comprehensive set of sustainability policies and is being implemented across the organisation. Your Company is also strengthening the mechanisms of engagement with key stakeholders, identification of material sustainability issues and progressively monitoring and mitigating the impacts along the value chain of each Business. Your Company will continue to update these systems and processes in line with evolving disclosure standards and Environmental, Social and Governance (ESG) requirements.

Your Company's 18th Sustainability Report, published during the year detailed the progress made across all dimensions of the 'Triple Bottom Line' for FY 2020-21. This report is in conformance with the Global Reporting Initiative (GRI) standards under 'In Accordance – Comprehensive' category and is third-party assured at the 'Reasonable Level' as per International Standard on Assurance Engagements (ISAE) 3000.

In addition, your Company's 4th Integrated Report was also published during the year which conforms with the requirements of the International <IR> Framework published by the Value Reporting Foundation. The report presents a range of financial and non-financial disclosures to illustrate how different 'capitals' are deployed to enable creation of enduring value.

Your Company's Sustainability & Integrated Report for FY 2021-22, in addition to conforming with

GRI Standards, is also aligned with the requirements of the International <IR> Framework developed by the International Integrated Reporting Council.

The Sustainability & Integrated Report 2022 is available on your Company's corporate website at <https://www.itcportal.com/sustainability/sustainability-integrated-report-2022/ITC-Sustainability-Integrated-Report-2022.pdf>.

In addition, the Business Responsibility & Sustainability Report (BRSR), as mandated by the Securities and Exchange Board of India (SEBI) for the year under review is annexed to the Report and Accounts. The BRSR maps the sustainability performance of your Company against the nine principles forming part of the National Guidelines on Responsible Business Conduct issued by the Ministry of Corporate Affairs, Government of India.

During the year, your Company sustained its 'AA' rating by MSCI-ESG - the highest amongst global tobacco companies, and has also been included in the Dow Jones Sustainability Emerging Markets Index. Additionally, your Company was rated 'A -' at the Leadership Level for both Climate Change and Water Security by CDP, which is above the Asia and Global average of 'B-' for climate change and 'B' for water security.

Contribution to the United Nations Sustainable Development Goals (UN SDGs)

Your Company's Sustainability strategies and Social Investment Programmes & interventions, in addition to their alignment with national priorities, are also well positioned to contribute to the achievement of India's commitment under the UN SDGs. For instance, your Company's programme on Climate Smart Agriculture is aligned to the Government's National Mission for Sustainable Agriculture and also contributes to the achievement of multiple SDGs, including SDG 13 (Climate Action), SDG 15 (Life on Land), SDG 1 (No Poverty) and SDG 2 (Zero Hunger). A comprehensive statement linking your Company's interventions to the SDGs, including corresponding targets, is available in your Company's Sustainability & Integrated Report for FY 2021-22.

Building Climate Resilience

Your Company recognises the urgent need to combat climate change for building a more secure future and the role it can play in enabling a net-zero economy. To this end, your Company is pursuing a low carbon growth strategy through extensive decarbonisation programmes across its value chain. These include increasing the share of renewable energy, continuous reduction of specific energy, construction of green buildings, greening logistics and optimising 'distance-to-market', and promoting regenerative agriculture practices in agri-value chains.

Additionally, in order to identify long-term risks, your Company has worked with climate experts to conduct a comprehensive climate change risk and vulnerability assessment using climate models across its operating locations (factories, hotels, warehouses etc.). The assessment considered the impact of climate variables like temperature, precipitation, sea level rise, river/coast proximity and extreme weather events over long-term time frames (2040-2060 and 2060-2080) under two Representative Concentration Pathway (RCP) scenarios - RCP 4.5 and RCP 8.5. In line with the findings of the assessment, detailed site-specific assessments are being undertaken for risk mitigation and adaptation.

Similarly, factors such as rise in extreme weather events, varying climatic parameters and dependence on rainwater for irrigation make agriculture in India quite vulnerable to climate change. For major crops like wheat, pulp-wood and leaf tobacco among others, there is significant and sustained work being done on the development of climate-tolerant varieties as well as dissemination of climate-resilient and regenerative agronomic practices in the growing areas.

Detailed farm-level studies are also being conducted to understand the potential adverse impacts of climate change on your Company's key agri-value chains. These risk assessments will help calibrate the climate resilience measures that are being implemented across your Company's value chains.

Energy Conservation and Renewable Energy

As a responsible corporate citizen, your Company has made a commitment to reduce dependence on energy from fossil fuels. Accordingly, all factories incorporate

appropriate green features and premium luxury hotels and office complexes continue to be certified at the highest level by either the US Green Building Council or Indian Green Building Council. During the year, around 42% (previous year 41%) of your Company's total energy requirements were met from renewable sources such as biomass, wind and solar. During the year, your Company commissioned its first offsite solar plant in Dindigul, Tamil Nadu, in line with its Sustainability 2.0 vision. The 14.9 MW solar plant will help reduce CO₂ emissions significantly and has already enabled your Company to meet 90% of its electricity requirement in the state of Tamil Nadu from renewable sources. Additionally, your Company's Paperboards & Specialty Papers Business commissioned a state-of-the-art and future-ready High Pressure Recovery Boiler at the Bhadrachalam mill, replacing conventional soda recovery boilers, which will contribute towards reducing carbon footprint through lower coal consumption.

Your Company is well positioned to benefit from energy conservation and renewable energy promotion schemes such as Perform, Achieve and Trade (PAT) and Renewable Energy Certificates (RECs) promoted by the Government of India. Your Company continues its efforts towards meeting 100% of purchased grid electricity requirements from renewable sources, and achieving 50% renewable energy share in its total energy consumption by 2030 based on a mix of energy conservation and renewable energy investments, despite significant enhancement in its scale of operations going forward.

Greenhouse Gases and Carbon Sequestration

The GHG inventory of your Company for FY 2021-22 compiled according to the ISO 14064 Standard has been assured, as in the earlier years, at the 'Reasonable Level' by an independent third party. The GHG inventory covers emissions from your Company's operations and GHG removals from your Company's large-scale forestry programmes.

In order to continuously reduce your Company's energy footprint, green features are being integrated in all new and old constructions including hotels, manufacturing units, warehouses and office

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complexes. Your Company is a pioneer in the green building movement, with 38 buildings having received Platinum certification by USGBC (U.S. Green Building Council)/IGBC (Indian Green Building Council).

Several of your Company's factories and office complexes have received the Green Building certification from IGBC and the Leadership in Energy & Environmental Design (LEED®) certification from USGBC. In 2004, the ITC Green Centre at Gurugram received LEED® Platinum certification by USGBC, making it the largest Platinum rated building in the world at that point in time. The data centre at Bengaluru, ITC Sankhya, is the first data centre in the world to receive the LEED® Platinum certification by USGBC. Large infrastructure investments such as the ITC Green Centre at Guntur and the ITC Green Centre at Bengaluru (both LEED® Platinum certified) continue to demonstrate your Company's commitment to green buildings. Virginia House, Kolkata and ITC Centre, Kolkata – the headquarters of your Company, is also certified at the highest 'LEED® Platinum' rated Green Building by USGBC.

Reaffirming your Company's commitment to the ethos of 'Responsible Luxury', all luxury collection hotels of your Company are LEED® Platinum certified, making your Company a trailblazer in green hoteliering globally. ITC Grand Chola, the 600-key super-premium luxury hotel complex in Chennai, is amongst the world's largest LEED® Platinum certified green hotels. In 2020, ITC Windsor's best practices on carbon management distinguished it as the first hotel in the world to be LEED® Zero Carbon certified. Additionally, in FY 2021-22, ITC Grand Chola and ITC Gardenia were also certified as LEED® Zero Carbon with ITC Grand Chola being the largest and ITC Gardenia being the third hotel with LEED® Zero Carbon certification in the world.

Your Company's Social and Farm Forestry initiatives, besides mitigating the impact of increasing levels of GHG emissions in the atmosphere, help greening of degraded wasteland, prevent soil erosion, enhance organic matter content in soil and increase ground water recharge.

Towards Water Security for All

Your Company continues to focus on an integrated water management approach that includes water conservation and harvesting initiatives at its Units – while at the same time working towards meeting the water security needs of all stakeholders at the local watershed level. Interventions have been rolled out to improve water-use efficiencies by adopting latest technologies and increasing reuse and recycling practices within the fence while also working with farmers and other community members towards improving their water-use efficiencies.

The demand side measures are followed by augmenting supply at the sub-catchment level through various interventions focused on harvesting rainwater based on the recommendations of hydro-geological studies. The supply side interventions include enhancing capture and storage of rainwater (in soil and storage ponds) and recharging aquifers. Your Company also conducts efficacy studies to assess the impact of the watershed work carried out, and to ensure that maximum benefits accrue in the long-term. As on 31st March, 2022, your Company's integrated watershed development projects covering over 1.3 million acres of land have created a total rainwater harvesting potential (RWH) of over 46 million kl, which is nearly 4 times the net water consumed by your Company's operations in FY 2021-22.

Your Company's Paperboards & Specialty Papers unit at Kovai was only the second facility in the world and first in India to be awarded the AWS Platinum level certification in FY 2019-20 – the highest recognition for water stewardship in the world. Your Company is in the process of implementing the AWS Standards at other Units in high water stress areas, and will progressively obtain AWS certification for these sites in the coming years.

Building a Circular Economy for Post-Consumer Packaging

Your Company continues to make significant progress in reducing specific waste generation through constant monitoring and improvement of efficiencies in material utilisation and also in achieving almost total recycling

of waste generated in operations. In this way, your Company has prevented waste reaching landfills and the associated problems of soil and groundwater contamination and GHG emissions, all of which can adversely impact public health. In the current year, your Company has achieved over 99% waste recycling. In addition, your Company's Paperboards & Specialty Papers Business recycled over 85,000 tonnes of externally sourced post-consumer waste paper, thereby creating yet another positive environmental footprint.

Your Company aims to go beyond the requirements of Plastic Waste Management Rules, 2016 to ensure that, over the next decade, 100% of packaging is reusable, recyclable or compostable/biodegradable. Your Company is working towards optimising packaging in a way that reduces the environmental impact arising out of post-consumer packaging waste without affecting product integrity. This is being done in a structured manner by optimising design, identifying alternative packaging material with lower environmental impact and suitable end-of-life solutions for packaging waste. Your Company has successfully implemented multiple large-scale models of municipal solid waste management across the country. These models, based on principles of circular economy, are scalable, replicable and sustainable, and have enabled your Company to become plastic neutral in FY 2021-22. The approach is centred around treating waste as a resource and ensuring that zero waste goes to landfill, which can be achieved only when waste is segregated at source. The initiatives focus on educating citizens on segregating waste at source into dry and wet streams and ensuring that value is derived from these resources and in the process support sustainable livelihood for waste collectors and rag-pickers. These models operate on a public-private partnership basis with active involvement of urban local bodies, civil society and the informal sector of waste collectors.

Your Company has exceeded its commitment on plastic neutrality made in the previous year, collecting and sustainably managing more than 54,000 tonnes of plastic waste across 35 States/Union Territories.

Your Company's waste recycling programme, 'WOW – Well Being Out of Waste', enables the creation of a clean & green environment and promotes sustainable livelihoods for waste collectors. During the year, the programme continued to be executed in Bengaluru, Mysuru, Hyderabad, Coimbatore, Chennai, Muzaffarpur, Delhi, major towns of Telangana and several districts of Andhra Pradesh. The quantum of dry waste collected during the year was about 60,000 MT from over 1,000 wards. The programme has covered over 1.8 crore citizens in over 46 lakh households, 52 lakh school children and around 2,040 corporates since its inception. It has promoted sustainable livelihood for over 17,000 waste collectors by facilitating an effective collection system in collaboration with municipal corporations. The intervention has also created over 140 social entrepreneurs who are involved in maximising value capture from dry waste collected. In Pune, your Company is spearheading a circular economy based on first-of-its-kind Multi-Layer Plastic (MLP) collection and recycling programme.

In addition to WOW, a separate community-driven programme on decentralised Solid Waste Management (SWM), in collaboration with Swachh Bharat Mission, is operational in 17 districts of 10 states covering 14.6 lakh households. This programme deals with both wet and dry waste and focuses on minimising waste to landfill by managing waste at source. Under the programme, more than 99,700 MT of waste was collected during FY 2021-22 out of which around 63,700 MT of wet waste was composted, 19,000 MT of dry waste was recycled, and only 17% of the total waste was sent to landfills. Further, home composting was practiced by over 3.2 lakh households.

In Uttar Pradesh, your Company partnered with the Urban Development Department, leading to over 1,400 Government officials from 31 municipalities being trained on decentralised SWM till date. During the year, your Company also signed an MoU with Lohiya Swachh Bihar Abhiyan (LSBA), Rural Development Department, Government of Bihar, to train officials on implementation of decentralised

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SWM in nearly 500 villages of Ganga region ('Ganga Gram') across 12 districts of Bihar.

The 'Green Temple' initiative, powered by your Company's Social Investments programme 'Mission Sunehra Kal', is a closed loop waste management model involving processing of waste generated in temples to provide biogas to the kitchen and compost for its gardens. During the year, the initiative was expanded to 500 temples across Andhra Pradesh, Bihar, Uttar Pradesh, Uttarakhand, Tamil Nadu, Karnataka and Maharashtra.

Promoting Thought Leadership in Sustainability

Your Company's pursuit of the 'Triple Bottom Line' approach has allowed it to develop unique, sustainable and industry-leading solutions to some of the most pressing sustainable development challenges faced by our country. Combining deep-rooted insights, perspectives and on-ground managerial expertise with meaningful collaborations and partnerships, your Company has created sustainable, scalable and replicable business models in response to these challenges.

To ensure wider adoption of the 'Triple Bottom Line' philosophy across the Industry, your Company established the 'CII-ITC Centre of Excellence for Sustainable Development' in 2006 in collaboration with the Confederation of Indian Industry (CII). The Centre continues to focus on its endeavour to promote sustainable business practices amongst Indian enterprises. The major highlights during the year include the following:

Climate Change

- A CEO's working group on 'Driving Accelerated Climate Action' was set up with the objective of developing and driving a compelling strategy and action plan to enable Indian businesses adopt sustainability for building a climate-resilient future. The working group is led by the Chairman and Managing Director of your Company, and comprises 11 CEOs from leading businesses. Rapid progress is being made by the working group on the agenda of creation of CII Vision

2030 on Climate Change and Sustainability, establishment of the CII Climate Action Charter, MSME toolkit for climate risk management, and interlinking climate related policy advocacy in CII Councils and Committees.

- A roundtable of industry members and GIZ (a German development agency that provides services in the field of international development cooperation and international education work) held in December 2021 documented the challenges and opportunities in implementing Voluntary Climate Action (VCA) through Voluntary Carbon Market (VCM) and Internal Carbon Pricing (ICP) to address climate risks and achieve net zero emissions. An industry-led 'Task Force on Afforestation' created modalities to partner with the Government of India and also developed comprehensive afforestation-based methodologies towards the mission of developing carbon sinks of appx. 3 billion tonnes and restoring 26 million hectares by 2030.
- A pre-COP26 Conclave in October 2021 brought together different stakeholders on the vital issue of combating climate change. The virtual Conclave had two sessions – (a) Adopting Clean Energy for Climate Change and (b) Information Technology Sector: Tackling Climate Crisis. In the run up to COP26 and as part of a global campaign, the Centre also organised a series of six webinars during the period June to August 2021 on 'Race to Zero' with emphasis on topics including RE100, SME Climate Hub, RE100, EV 100, and technology transfer.
- At COP26, the delegation members held high-level discussions with the Minister of Environment, Forest and Climate Change, Government of India, Chair of the Energy Transitions Commission, UK and the US Special Presidential Envoy for Climate on business' perspectives to mainstream climate action. The Centre, in collaboration with World Business Council for Sustainable Development (WBCSD), also organised a session on 'Greening India's Power Grids'.

Circular Economy

- The India Plastics Pact, a collaboration between Centre and the WWF, became part of a network of 13 Plastic Pacts across the globe at its launch at the 16th Sustainability Summit. The Pact has set four major targets: eliminate unnecessary or problematic plastic packaging and items, reuse or recycle 100% of plastic packaging, recycle 50% of plastic packaging and ensure 25% average recycled content across all plastic packaging.
- The Centre continued working on the inventory of plastics in India and created a material flow of major plastic resins in India. Along with the CII-Sohrabji Godrej Green Business Centre, the Centre also began a study to identify greenhouse gas mitigation strategies through resource efficiency and circular economy across the cement value chain.
- The Plastics-use Protocol, developed in 2020 to help companies record, certify and verify plastic use reduction in packaging and product lines, enabled 60 sites of 6 companies to be certified Single Use Plastics (SuP) free by 2021.

Biodiversity

- India Business & Biodiversity Initiative (IBBI), in collaboration with the World Spice Organisation (WSO), interacted with companies in the Spices sector operating in Western Ghats to integrate biodiversity practices in their business plans.
- The Centre, WWF India and GIZ jointly organised a virtual business consultation on the first draft of Post 2020 Global Biodiversity Framework, released by the Secretariat of the UN Convention on Biological Diversity (CBD) in August 2021. The key recommendations, submitted to Ministry of Environment, Forest and Climate Change (MoEFCC) and CBD, include guidance on goals & targets of post 2020 Global Biodiversity Framework, development of modules & mechanisms for biodiversity conservation, and building partnerships and collaborations for effective management of biodiversity.

Air Pollution

- Signatories to the Clean Air Better Life forum has grown to 72 companies, and members have agreed to work on a common framework for inter-corporate collaboration and sharing of best practices. The Industry Platform on Sustainable Transportation has 85 members, and as an outcome of two platform meetings and bilateral consultations with members held in 2021, a draft map of on ground barriers and potential solutions has been developed.
- A report on the Economic Impacts of Air Pollution in India, prepared by Dalberg with support from the Centre and Clean Air Fund, was launched at the 6th CEOs meeting of India CEO Forum under the Cleaner Air-Better Life (CABL).
- The Crop Residue Management programme was expanded to 44 new villages in 3 new clusters. The project also became a case study by IIM Bangalore, which was published in the Harvard Business Review (HBR).
- The Multi Agency Collaborative Project on Air Pollution, with support of the Madhya Pradesh Pollution Control Board (MPPCB), was initiated in Indore Metropolitan Region (IMR), offering a common platform to stakeholders to contribute to cleaner air. Air quality modelling is being conducted by IIT Delhi and is being downscaled for the Indore Metropolitan region with inputs from experts of California Air Resources Board. Additionally, CII CABL team is working with Smart City Indore to integrate 20 sensors installed by John Snow India into a network of 50 sensors.

Excellence in Sustainability

- The Centre organised the 16th Sustainability Summit virtually on the theme of 'Building a Resilient Future: Leveraging Science, Technology and Finance' in September 2021 in partnership with 23 multi-sectoral organisations. The emphasis of the Summit was on interactions and interconnectedness between elements of physical, social, natural and human capital. A total of

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21 sessions were held on diverse topics.

There were 107 speakers with 25% global and 27% female speakers with a total audience of 800 participants.

- At the 16th CII-ITC Sustainability Awards in January 2022, 21 companies were recognised for Corporate Excellence, Environment Management, and Biodiversity. Shri Rao Inderjit Singh, MP, Union Minister of State (Independent Charge) of the Ministry of Statistics and Programme Implementation; Union Minister of State (Independent Charge) of the Ministry of Planning and Union Minister of State in the Ministry of Corporate Affairs, and Mr. Sanjiv Puri, Chairman and Managing Director, ITC Limited, recognised the winners for Excellence in Sustainable Business.

Capacity Building on various topics

- Nearly 1,400 participants were covered through 50 capacity building programmes conducted during the year. Topics of discussions included Climate Change, Energy and Energy Management Systems, Health and Safety, Value Innovation, CSR Rules and Impact Measurement, Sustainability Reporting, Integrated Reporting, Human Rights, Circular Economy and Biodiversity, Waste Management Rules, Plastic use Protocol, Sustainable Procurement, Corporate Risk Management among others.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The two waves of the pandemic during the year severely impacted health and livelihoods across the country, especially those of the poor and vulnerable sections of society. Your Company rose to the challenge and took proactive initiatives to provide relief to vulnerable sections of society and also facilitated their economic rehabilitation in the medium term.

Your Company not only aided the Government's efforts but also proactively took a host of actions to provide relief to the poor and vulnerable sections of society including (a) providing support to ensure regular oxygen supply in hospitals by being amongst the first to import cryogenic ISO containers (24 nos.),

installation of 22 oxygen generation units and distribution of 1,200 oxygen concentrators to different hospitals; (b) providing essential medical infrastructure support through a wide range of interventions like setting up of COVID isolation centres, setting-up of 600 hospital beds in three states, supply of ventilators, oxygen cylinders, modular ICU units, and ambulances; (c) distribution of food and personal hygiene products; and (d) large-scale vaccination drives in multiple states.

Your Company's overarching commitment to create significant and sustainable societal value is manifest in its CSR initiatives that embrace the most disadvantaged sections of society, especially in rural India, through economic empowerment based on grassroots capacity building. Towards this end, your Company has a comprehensive CSR Policy outlining programmes, projects and activities that your Company undertakes to create a significant positive impact on identified stakeholders. All these programmes fall within the purview of Section 135 read with Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The key elements of your Company's CSR interventions are to:

- deepen engagement in identified core operational geographies to promote holistic development and design interventions in order to respond to the most significant development challenges of your Company's stakeholder groups.
- strengthen capabilities of Non-Government Organisations (NGOs)/Community Based Organisations (CBOs) in all project catchments for participatory planning, ownership and sustainability of interventions.
- drive the development agenda in a manner that empowers women and benefits the poor and marginalised communities in our factory and agri-catchments, thereby significantly improving Human Development Indices (HDI).
- ensure behavioural change through focus on demand generation for all interventions, thereby

enabling participation, contribution and asset creation for the community.

- strive for scale with impact by leveraging government partnerships and accessing the most contemporary knowledge/technical know-how.

Your Company's stakeholders are confronted with multi-dimensional and inter-related concerns, at the core of which is the challenge of securing sustainable livelihoods. Accordingly, interventions under your Company's Social Investments programme are appropriately designed to build capacities and promote sustainable livelihoods.

The footprint of your Company's CSR projects is spread across 25 States/Union Territories covering over 200 districts.

Your Company's CSR interventions were conferred with two prestigious awards during FY 2021-22:

- First prize in the 'Best Industry for CSR Activities' category at the third National Water Awards by Ministry of Jal Shakti, which was presented by Shri Ram Nath Kovind, Hon'ble President of India.
- Institute of Company Secretaries of India (ICSI) CSR Excellence Award in the 'Large' category, for consistently demonstrating innovation and sustainability in managing CSR. The Award was presented by Shri Amit Shah, Union Minister for Home Affairs and Cooperation.

Social Forestry

Your Company's pioneering afforestation initiative through the Social Forestry programme greened over 30,700 acres during the year. It is currently spread across 19 districts in 9 States covering over 4.25 lakh acres in nearly 7,000 villages, impacting over 1.4 lakh poor households. Together with your Company's Farm Forestry programme, this initiative has greened over 9.5 lakh acres till date, and generated over 173 million person days of employment for rural households, including women, poor tribal and marginal farmers. Integral to the Social Forestry programme is the Agro-Forestry initiative including plantations on bunds, which cumulatively extends to about 1.8 lakh acres and

ensures food, fodder and wood security. Further, fast growing, high yielding and disease resistant hybrid clones and saplings of eucalyptus pulpwood developed by your Company deliver significantly higher productivity vis-a-vis earlier clones.

The clones have been developed to grow under varying ecological conditions, thereby building resilience and contributing towards increasing income for the farming community. Data from wood supplied by Mutually Aided Co-operative Society (MACS) shows improvement in yield by over 12%, primarily enabled through improved focus on promoting inter-crop practices in agro-forestry and farmer training on productivity improvement.

Besides enhancing farm level employment, generating incomes and increasing green cover, this large-scale initiative also contributes meaningfully to the nation's endeavour to create additional carbon sinks for tackling climate change.

In addition to the above, the Social and Farm Forestry initiative of your Company, through a multiplier effect, has led to improvement in pulpwood and fuelwood availability in Andhra Pradesh, Telangana, Karnataka and Odisha.

Soil and Moisture Conservation

The Soil and Moisture Conservation programme aims to ensure water security for all dependents in the factory catchments and to drought-proof the agri-catchments to minimise risks to agricultural livelihoods arising from drought and moisture stress. The programme promotes the development and management of local water resources in moisture-stressed areas by facilitating community participation in planning and implementing such measures, as well as building, reviving and maintaining water-harvesting structures. The coverage of this programme currently extends to 40 districts of 16 states. During the year, the area under watershed increased by over 1 lakh acres, taking the cumulative coverage area to over 13.3 lakh acres. Over 3,100 water-harvesting structures including ground water recharge structures were built during the year, creating nearly 3.5 million cubic metres of

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rainwater harvesting potential. This took the total number of water harvesting structures to over 25,000 and the net water storage to over 45 million cubic meters. In addition, your Company continues to work with farmers to achieve 'more crop per drop' by promoting agronomic practices and micro irrigation techniques targeted towards saving water in cultivation and improving farmer incomes. Around 7.3 lakh acres have been covered across 11 states during the year; more than twice over previous year. Studies have been conducted by Vasantdada Sugar Institute and Tamil Nadu Agricultural University to estimate water savings in sugarcane, coconut and banana in your Company's programme locations. According to these studies, demand management practices promoted by your Company have led to potential water savings to the tune of 497 million cubic metres during the year.

Additionally, your Company is continuing partnerships with multiple state government departments for Soil and Moisture Conservation. Under the partnership with Watershed Development Department, Government of Karnataka, signed in the previous year, capacities are being built using your Company's Water Stewardship approach to drought proof 100 watersheds across 29 districts covering over 1.1 million acres. During the year, Government officials responsible for all 100 watersheds were trained to incorporate your Company's drought proofing and positive water balance based planning.

Biodiversity

The focus of the programme is on reviving ecosystem services provided to agriculture such as natural regulation of pests, pollination, nutrient cycling, soil health retention and genetic diversity, which have witnessed considerable erosion over the past few decades. During the year, your Company's biodiversity conservation initiative covered over 89,000 acres, taking the cumulative area under biodiversity conservation to over 1.3 lakh acres in more than 29 districts across 10 states. While the conservation work is being carried out in select plots of village commons, this intervention significantly benefits agricultural activity in the vicinity of these

plots through soil moisture retention, carbon sequestration and by acting as hosts to insects and birds beneficial to agriculture.

To increase the coverage for pastureland development and biodiversity conservation, your Company partnered with Forest Departments of Maharashtra and Telangana, and Wasteland & Pastureland Development Board (WPDB) of Rajasthan. The partnership with WPDB is targeted to cover 2.5 lakh acres across 8 districts. Further, during the year, 475 Government staff were trained for implementing the programme across 2,800 villages encompassing 34,000 acres.

Sustainable Agriculture

The Sustainable Agriculture programme attempts to de-risk farmers from erratic weather events through the promotion of climate-smart agriculture premised on dissemination of relevant package of practices, adoption of appropriate mechanisation and provision of institutional services. Currently, 15.2 lakh acres and over 4.5 lakh farmers are covered under the programme, representing an increase of 71% and 77% respectively over the previous year. This has a significant multiplier effect in terms of adoption of sustainable practices by the farming community. During the year, knowledge was disseminated through more than 7,100 Farmer Field Schools and over 3,000 Choupal Pradarshan Khets. More than 610 Agri Business Centres delivered extension services, arranged agri-credit linkages, established collective input procurement and provided agricultural equipment for hire. In pursuit of your Company's long-term sustainability objective of increasing soil organic carbon, more than 2,500 compost units were constructed during the year, taking the total number till date to over 51,300 units.

Your Company, with its presence across multiple commodities and geographies including e-Choupal network and agri extension programmes network, undertook an initiative to facilitate formation of new FPOs and/or strengthening existing FPOs, thus, enhancing farm incomes, rural livelihood and partnering in other relevant rural development

initiatives. During FY 2021-22, your Company supported around 200 FPOs across 6 states.

The 'Village Adoption Programme' pioneered by your Company's Agri Business presently covers 245 model villages in the states of Andhra Pradesh and Karnataka. This initiative is aligned to the Prime Minister's Sansad Adarsh Gram Yojana (SAGY), an initiative to promote holistic rural development. Under this programme, your Company is addressing the human rights and farm safety challenges in Indian farming by educating the farmers, labour and community and providing access to tools and Personal Protective Equipment (PPE) kits for use on the field.

Your Company had entered into a partnership with NITI Aayog in April, 2018, to improve agriculture and other allied services in 27 aspirational districts of 8 states (Assam, Bihar, Jharkhand, Rajasthan, Madhya Pradesh, Maharashtra, Odisha and Uttar Pradesh) by training government officers who, in turn, would cascade the methodology to farmers. During the year, 5.9 lakh farmers from appx. 18,900 villages were trained digitally through WhatsApp groups, while over 6.1 lakh farmers were trained through physical sessions, taking the cumulative reach to around 34 lakh farmer interactions. Estimates indicate yield improvement of up to 30% for cotton, maize, paddy and soyabean in locations covered by the programme; similarly cost of cultivation is estimated to have reduced by nearly 15%, resulting in expansion of farmer incomes by up to 60%.

The 'Baareh Mahine Hariyali' programme in select districts of Uttar Pradesh (Chandauli, Ghazipur, Prayagraj and Varanasi) is a pioneering initiative to facilitate farmers to enhance their incomes. This programme is founded on a 360-degree, multipronged approach with interventions such as increased cropping intensity with a third crop during summer, enhancement of productivity through context-specific agronomic practices demonstrated through Choupal Pradarshan Khets (on-farm demonstrations) and provision of market linkages with transparency in assessment of quality, price and weightment. In some regions, taking a holistic approach to income diversification as an adjacency,

livestock development, women empowerment and agro-forestry are also included. Over 2 lakh farmers have already benefited from the interventions under this programme – over 35,000 farmers who have adopted the package of practices reported doubling of income and those who have implemented the programme partially reported increase in their incomes by 30% to 75%.

Livestock Development

The programme provides an opportunity for households to improve their livestock-based livelihoods by improving productivity of the progeny through breed improvement and dissemination of improved animal husbandry practices. The programme provided extension services, including breeding, fodder propagation and training to farmers owning cows and buffaloes in 5 states and 18 districts. During the year, over 1.1 lakh artificial inseminations (AIs) were carried out which led to the birth of 0.5 lakh high yielding progeny. Cumulatively, the figures for AIs and calving stand at over 27 lakh and 9.5 lakh, respectively. In addition, the livestock programme also covered families engaged in goat and sheep rearing, enhancing their productivity through promotion of improved management practices. Under the programme, 164 women trained as 'Pashu Sakhis' provided extension services to over 16,000 households till date, thus enabling them to earn supplementary income of up to ₹ 5000 per month.

Your Company is also working with dairy farmers in Bihar and West Bengal to improve productivity through several extension services and to facilitate higher milk production. Qualified teams comprising veterinarians and para-veterinarians have been deployed to facilitate animal breeding, animal nutrition and animal health services towards improving productivity and promoting commercial dairy farming among farmers. During the year, about 84,400 cattle of over 48,000 dairy farmers across 507 villages in 8 districts of Bihar and 2 districts of West Bengal were supported through training programmes on clean milk production, mastitis control and animal husbandry services like deworming, ectoparasite control, etc.

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Women Empowerment

During the year, this initiative provided a range of gainful employment opportunities to around 6,200 poor women, taking the cumulative coverage to over 86,000 women, supported with capacity building and provided financial assistance by way of loans and grants. This includes more than 30,500 ultra-poor women in your Company's core catchments who now have access to sustainable sources of income through various livelihood opportunities. The financial literacy and inclusion project, in partnership with Madhya Pradesh State Rural Livelihood Mission (MPSRLM) and CRISIL Foundation, was operational in 43 districts during the year. 568 Super Trainers were trained directly who in turn trained 678 Master Trainers; the training was thereafter cascaded to over 56,000 self-help-groups (SHGs) covering more than 5.4 lakh women during the year. The programme has cumulatively covered over 1.3 lakh SHGs benefiting over 13 lakh women across 15,600 villages. Over 4 lakh trained women have been provided access to bank accounts and government social security schemes. As a result, enrolments of women witnessed significant increase against the project baseline.

Education

The Primary Education programme aims to provide children from weaker sections of society in your Company's factory catchments access to education with focus on learning outcomes and retention. Operational in 28 districts of 13 states, the programme covered over 55,000 children during the year, taking the cumulative coverage to over 8.6 lakh children. Over 400 government primary schools and anganwadis were provided infrastructure support comprising boundary walls, additional classrooms, sanitation units and furniture, taking the total number of government primary schools and anganwadis covered till date to around 2,500. Infrastructure support to government schools has helped in increasing enrolment, particularly of girls, in schools. To ensure sustainable operations and maintenance of infrastructure provided, more than 1,290 School Management Committees and around 750 Child

Cabinets and Water and Sanitation (WATSAN) Committees were operational in various schools during the year with active involvement of students and teachers.

Skilling & Vocational Training

This programme provides training in market linked skills to youth to enable them to compete in the job market. More than 13,300 youth were enrolled under different courses during the year of which 46% were female and 32% belonged to the SC/ST communities. Cumulatively, over 1 lakh youth have been enrolled under this programme. The programme is operational in 33 districts of 17 states. Further, the pandemic led to increased enrolment in bedside assistance courses with over 1,700 youth trained during the year. Overall, nearly 76% of the trained youth have found job placements during the year.

Sanitation

Your Company continues to adopt a multi-pronged approach towards improving public health and hygiene across 26 districts and 12 states. To promote a hygienic environment through prevention of open defecation and reduced incidence of water-borne diseases, 1,200 Individual Household Toilets (IHHTs) were constructed in Bihar and Tamil Nadu in collaboration with the respective State Governments/District sanitation departments, taking the total to over 39,400 IHHTs constructed so far in your Company's catchment areas. In addition, 18 community toilets were constructed/renovated in West Bengal and Tamil Nadu in the year for households without land, taking the cumulative to 122. Cumulatively, IHHTs and community toilets are estimated to be benefiting over 1 lakh community members. Along with sanitation infrastructure development, special focus was also given to awareness campaigns to create demand and drive behavioural change.

Health & Nutrition

Your Company continued to enhance awareness on various health related issues through a network of 430 women Village Health Champions (VHCs) who

covered nearly 1.1 lakh women and adolescent girls during the year. The programme is operational in seven districts of Uttar Pradesh and three districts of Madhya Pradesh. As the group activities remained restricted due to the pandemic, the VHCs conducted door-to-door visits in the villages focusing on aspects like sanitation, menstrual and personal hygiene, family planning, diarrhoea prevention and nutrition.

Over 4.8 lakh beneficiaries were covered under the Mother and Child Health initiative aimed at improving the health-nutrition status of women, adolescents and children in the catchments of a few of your Company's factories with high maternal and infant mortality indices. As per internal estimates, the proportion of underweight children between 0-5 years of age in select project locations of two districts stood at 2.6% and 5.0% in 2021-22, significantly lower than district averages⁵ of 19.7% and 33.1% respectively.

To bridge gaps in primary and secondary healthcare delivery and to address the challenges of awareness, availability, accessibility and affordability, your Company has undertaken several Rural Healthcare interventions, which will be implemented in a phased manner. After launching the Mother and Child Health initiative in FY 2016-17, your Company is now adopting a holistic approach focusing on two major components - preventive health care and curative services. The objective of the initiative is to improve health and nutrition by strengthening institutional capacity, supplementing existing infrastructure, promoting greater convergence with existing government schemes, leveraging technology and increasing access to basic primary and secondary healthcare services. As part of this project, mobile medical units are in the process of being deployed at Saharanpur and Munger. Simultaneously, plans have been initiated to set up a 50-bed hospital for secondary care at Munger.

To make potable water available to local communities in Andhra Pradesh, Reverse Osmosis (RO) water purification plants were set up in villages where the water quality was poor. 24 new RO plants were

established in FY 2021-22 taking the total operational RO plants to 151, thus providing safe drinking water to over 2 lakh rural people.

Your Company's 'Swasth India Mission' programme has been a front runner in driving behavioural change towards good hand hygiene habits since its inception in 2016. The 'Swasth India Mission' drove a range of initiatives to aid and enable the country in its fight against COVID:

- The Doctor's Connect Program (DCP) reached a total of 1.1 lakh doctors across nearly 3,000 hospitals.
- To encourage and instil mask etiquette and compliance and spread awareness on choosing the right type of mask, your Company launched a print campaign as well as vignettes with news anchors.
- Your Company also launched a print campaign 'Do it for Kids', to spread awareness on power of simple hygiene habits and encouraging children to follow the same. To spread awareness on how to take precautions in day-to-day situations, your Company launched 'Beat the Second Wave' series in pictorial format in both English and regional languages.
- To seed positive attitude towards hygiene, your Company launched the 'Hygiene Sahi toh Health Sahi' series in partnership with Times Network.
- Your Company also commissioned a nationwide study on current hygiene trends in collaboration with 'YouGov', one of the world's leading full-service market research companies, which assessed usage, perception and behavior towards hygiene practices focusing on hand hygiene, surface disinfection and mask etiquettes. This study aims to provide a roadmap to improve the understanding of health & hygiene practices and simultaneously work towards building a healthier society and nation.

Solid Waste Management

Your Company's initiatives focus on creating replicable, scalable and sustainable models of municipal solid waste management that can be

⁵ as per NFHS-5 data of 2019-20

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implemented across the country to ensure that zero waste goes to landfills. Details of these models are provided in the 'Building a Circular Economy for Post-Consumer Packaging' section above.

ITC Sangeet Research Academy

The ITC Sangeet Research Academy (ITC SRA), established in 1977, is an embodiment of your Company's sustained commitment to a priceless national heritage. Your Company's pledge towards ensuring enduring excellence in Classical Music education continues to drive ITC SRA in furthering its objective of preserving and propagating Hindustani Classical Music based on the age-old principle of 'Guru-Shishya Parampara'. The eminent Gurus of the Academy impart intensive training and quality education in Hindustani classical music to the scholars. The present Gurus of the Academy are Padma Bhushan Pt. Ajoy Chakrabarty, Padma Shri Pt. Ulhas Kashalkar, Pt. Partha Chatterjee, Pt. Uday Bhawalkar, Vidushi Subhra Guha and Shri Omkar Dadarkar. The Academy's focus continues to be on nurturing exceptionally gifted students selected from across the country through a system of multi-level audition. Full scholarship is provided to them to reside and pursue music education in the Academy's campus and in other designated locations under the tutelage of the country's most distinguished musicians. Creation of the next generation of masters of Hindustani classical music for the propagation of a precious legacy continues to be the Academy's objective.

Forging Partnerships with NGOs

The meaningful contribution made by your Company's Social Investments Programme to address some of the country's key development challenges, has been possible in significant measure, due to your Company's partnerships with globally renowned NGOs such as BAIF, DSC, FES, DHAN Foundation, MYRADA, Pratham, SEWA Bharat, WASH Institute and Water for People, Youth Invest, amongst others. These partnerships, which bring together the best-in-class management practices of your Company and the development experience and mobilisation skills of NGOs, will continue to provide innovative grassroots

solutions to some of India's most challenging problems of development in the years to come.

CSR Expenditure

The annual report on Corporate Social Responsibility activities, as required under Sections 134 and 135 of the Companies Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014, is provided in the Annexure forming part of this Report.

Environment, Health & Safety

Your Company's Environment, Health & Safety (EHS) strategies are directed towards achieving the greenest and safest operations across all your Company's units by optimising natural resource usage and providing a safe and healthy workplace. Systemic efforts continue to be made towards natural resource conservation by continuously improving resource-use efficiencies.

Your Company believes that a safe and healthy work environment is a pre-requisite for ensuring employee well-being, and adopting best practices in occupational health & safety bears a direct impact on overall performance. With an aim to percolate safety deeper into ITC's operational practices and achieve the 'Zero Accident' goal, your Company has adopted a comprehensive EHS strategy founded on two pillars: 'Safety by Design' and 'Safety by Culture'.

Safety

Your Company follows 'Safety by Design' by continuously striving to improve on safety performance by incorporating best-in-class engineering standards for all investments in the built environment. During the year, following the principle of continuous improvement, technical guidelines were contemporised in line with the recent technological advances and changes in code. In addition, periodic Environment, Health & Safety audits were carried out to verify compliance with standards.

Additionally, your Company is implementing digitisation of the EHS management system at an enterprise level. This upgradation will enable seamless integration of Safety with operations, optimising overall efforts.

To drive a culture of safety, your Company is making use of tools such as a structured conversation with workers on 'Safe and Unsafe' Acts which was supplemented by adoption of keystone behaviours that inculcates individual ownership for safe behaviour. Your Company has also pioneered the usage of Design Thinking principles for seamless integration of safety in business operations. This initiative is bringing in positive behavioural changes.

Several national awards and certifications received by various units reaffirm your Company's commitment to provide safe and healthy workplace to all.

COVID Response: Health & Safety

During the year, disruptions caused by the pandemic were effectively managed through collective and concerted efforts, leveraging the learnings from the first wave. To control workplace COVID transmission, your Company followed best practices on air management in indoor spaces while also complying with masking and sanitation protocols. Periodic inspections across business locations were conducted to ensure compliance with laid down protocols, thereby ensuring business continuity.

R&D, QUALITY AND PRODUCT DEVELOPMENT

Your Company's state-of-the-art ITC Life Sciences and Technology Centre (LSTC) in Bengaluru is at the core of driving science-led product innovation to support and build your Company's portfolio of world-class products and brands. The LSTC team comprising over 350 highly qualified scientists has a mandate to work on future-ready science platforms, design differentiated products to address unique consumer needs and deliver superior benefits.

LSTC harnesses contemporary advances in relevant core areas of science and technology to continuously translate 'proofs of concept' to novel product opportunities. R&D teams seamlessly integrate classical concepts of product development backed by purposeful innovation to bring exciting offerings to consumers with speed and agility. LSTC is at the forefront of executing robust R&D strategies and plans that embed sustainability and digitalisation to enable rapid go-to-market timelines, enhanced

quality of insights and long-term competitiveness for each Business.

LSTC is equipped with world-class scientific infrastructure and state-of-the-art facilities to create deep knowledge base and build intellectual property for your Company through research, rapid prototyping and process development. Over 900 patents have been filed till date, bearing testimony to LSTC's innovation capabilities. Your Company was ranked 'Top Innovator' in India amongst Indian Pharma and Healthcare Private Companies (Source: Sagacious IP Report August 2021). Centres of Excellence in Biosciences, Agri-sciences & Materials sciences, and future-ready platforms such as Beauty & Hygiene, Health & Wellness, Agro-forestry, Crop Sciences, Consumer & Sensory Sciences and Sustainable Materials & Packaging continue to drive world-class innovation. Rigorous systems, processes and industry best practices have enabled securing global quality certifications - a key enabler in delivering products that follow the highest standards in quality, safety and efficacy to the Indian consumers.

In line with your Company's relentless focus on operational excellence and quality, each Business is mandated to continuously innovate on materials, training, processes and systems to enhance their competitiveness. LSTC actively collaborates with and supports the Businesses to drive their innovation agenda and accelerate growth. Your Company has been a forerunner in introducing first-to-market innovative products for Indian consumers. In the context of recurrent COVID waves, LSTC researchers and product development teams continue to enable the Branded Packaged Foods and Personal Care Businesses to deliver a range of differentiated and superior quality products. Innovative science-based programmes continue to be leveraged to drive systematic reduction in salt, sugar and fat from packaged food products recipes without compromising on sensory attributes. Leading edge technology platforms in Hygiene, Health & Wellness continue to power innovation and develop next generation product offerings to serve emergent consumer needs. LSTC's unique competencies in Materials and Packaging have enabled innovative recyclable flexible packaging and bio-compostable coating solutions in line with

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your Company's environmental sustainability agenda. New synergistic value chains in health, nutrition and sensory sciences have been created to propel growth going forward.

In Agro Forestry and Crop Science Platforms, LSTC has an ambitious R&D programme on improving yield and quality, given the shrinking plantation acreage in the country. Ongoing research on climate resilient crops and pulp wood seeks to address the security of raw material supplies across your Company's value chains. Research on wheat and potato varietal securitisation are at advanced stages of development to achieve flexibility in sourcing of raw material, create region-specific blends and ensure robust agro-climatic adaptability. Future-ready, alternate value chains that mitigate risks arising out of disruptions to existing models continue to be explored. LSTC, in collaboration with the Agri and Branded Packaged Foods Businesses, endeavours to ensure that contemporary science-based outcomes are fully integrated across the value chain from farm to fork. Scientific platforms in Agro forestry have led to pioneering work in development of new clones in tandem with Paperboards & Specialty Papers Business to enhance wood productivity and pulp quality for sustainable raw materials and farmer profitability.

The Paperboards, Paper and Packaging Businesses continue to pursue 'Total Productive Maintenance' (TPM) programmes with focus on customer delivered quality. The Paperboards & Specialty Papers Business has also set up a state-of-the-art Next Generation Smart and Hyperscale Digital and Data Infrastructure at its plants, to enable real time operations control, process optimisation and quality improvements. Consistent quality enables customers of your Company in improving their operating efficiencies through reduced wastages and lower machine down-times.

During the year, your Company's Hotels Business leveraged technology to enhance business process efficiencies and outcomes. The Hotels Business continues to heighten its commitment towards prioritising the safety and security of guests through the award winning 'WeAssure' programme. Building agile operating systems that adapt quickly to

the dynamic business environment and strengthening the service excellence framework have been the key strategies of the Hotels Business amidst pandemic-induced disruptions.

All branded packaged foods manufacturing units of your Company not only have ISO quality certification but also follow the stringent standards under the integrated food quality management system-FSSC 22000; these systems ensure adherence to internationally accepted quality standards in producing safe and high-quality food. All manufacturing units of the Branded Packaged Foods Businesses (including contract manufacturing units) and Hotels operate in compliance with stringent food safety and quality standards. Your Company's food quality assurance laboratories are also accredited under ISO 17025, a global standard for testing and calibrating labs, which guarantees quality of every analysis. Additionally, the quality of all FMCG ingredients and finished products of your Company is monitored through best-in-class customer-centric 'Quality Control and Quality Assurance Processes' and 'Product Quality Ratings Systems' (PQRS) enhancing competitive superiority of your Company's product offerings.

As a future-ready innovation engine, LSTC is developing and deploying advanced tools for quality performance analytics and competition benchmarking leveraging Artificial Intelligence and Machine Learning technologies. Robust risk management practices are in place to ensure that your Company's intellectual properties remain adequately protected at all times. Going forward, your Company will continue to identify opportunities to address emerging trends by leveraging R&D insights based on contemporary sciences and your Company's diverse core competencies.

PROCEEDINGS INITIATED BY THE ENFORCEMENT DIRECTORATE

In the proceedings initiated by the Enforcement Directorate in 1997, the appropriate authority after hearing arguments on behalf of your Company has passed orders in favour of your Company and

dropped some of the show cause notices issued by the Directorate. In respect of some of the remaining notices, your Company filed writ petitions challenging their validity. The Honourable Calcutta High Court, by its orders, allowed these writ petitions, and the proceedings in respect of these notices were quashed. The remaining notices are pending.

Meanwhile, some of the prosecutions launched by the Enforcement Directorate have been quashed by the Honourable Calcutta High Court while others are pending.

TREASURY OPERATIONS

Your Company's treasury operations continued to focus on deployment of surplus liquidity and management of foreign exchange exposures within a well-defined risk management framework.

Market interest rates witnessed an upward trajectory during the year as the Reserve Bank of India (RBI) commenced the process of Monetary Policy normalisation by way of gradual withdrawal of liquidity infused into the Banking system during the pandemic. Globally, inflation remained persistently high during the year due to elevated commodity prices and supply chain disruptions, forcing central banks across most countries to pivot from supporting growth to combating inflation. While the RBI continued to advocate continuation of accommodative Monetary Policy stance to support the incipient recovery in domestic economic activity, markets started to cognise for a faster pace of normalisation by the RBI, in line with global peers. In addition, higher than expected market borrowings budgeted by the Central Government for FY 2022-23 and spiraling commodity prices due to geo-political tensions in Europe towards the end of the year dented market sentiments and pushed market interest rates higher.

Investment decisions relating to deployment of surplus liquidity continued to be guided by the tenets of Safety, Liquidity and Return. Treasury operations focused on proactive rebalancing of portfolio duration and mix in line with the evolving interest rate environment. Further, your Company's ongoing practice of continuous review and monitoring of

credit worthiness, including engagement with market participants, ensured that the investment portfolio was not exposed to undue credit risks.

As in earlier years, commensurate with the size of the temporary surplus liquidity under management, treasury operations continue to be supported by appropriate control mechanisms, including independent check of 100% of transactions by your Company's Internal Audit Department.

In the currency market, the Indian Rupee (INR) depreciated against the US Dollar (USD) during the year. The weakness was attributed to strength of the USD relative to all major currencies during the year. While the USD initially gained on the back of the US Federal Reserve tightening monetary conditions, rise in geo-political tensions in Europe towards the end of the financial year triggered risk-off sentiment amongst global investors, aiding safe haven currencies such as the USD. Lower capital inflows and a higher than anticipated Current Account Deficit also weighed on the INR. On the other hand, comfortable foreign exchange reserves and judicious interventions in the forex market by RBI provided support to the INR.

To effectively navigate the high volatility in currency markets, your Company adopted a proactive risk management strategy and actively managed foreign currency exposures through appropriate hedging strategies and market instruments to protect business margins.

DEPOSITS

Your Company's erstwhile Public Deposit Scheme closed in the year 2000. As at 31st March, 2022, there were no deposits due for repayment except in respect of two deposit holders aggregating ₹ 20000 which have been withheld on the basis of directives received from the government agencies.

There was no failure to make repayments of Fixed Deposits on maturity and the interest due thereon in terms of the conditions of your Company's erstwhile Schemes.

Your Company has not accepted any deposit from the public/members under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year.

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DIRECTORS

Changes in Directors

During the year, Mr. Shyamal Mukherjee and Mr. Hemant Bhargava, who have the required integrity, expertise and experience, were appointed, with your approval, as Directors and also as Independent Directors of your Company for a period of five years with effect from 11th August, 2021 and 20th December, 2021, respectively.

Messrs. Mukesh Gupta, representing the Life Insurance Corporation of India ('LIC'), Navneet Doda, representing the General Insurers' (Public Sector) Association of India ('GIPSA'), and Sunil Panray, representing the Tobacco Manufacturers (India) Limited (a subsidiary of British American Tobacco p.l.c.), were also appointed, with your approval, as Non-Executive Directors of your Company for a period of three years with effect from 20th December, 2021. Mr. Sumant Bhargavan was re-appointed, with your approval, as a Director and also as a Wholtime Director of your Company for a period of three years with effect from 12th July, 2022.

The Board of Directors of your Company ('the Board') has recommended for the approval of the Members, appointment of Mr. Supratim Dutta as a Director, liable to retire by rotation, and also as a Wholtime Director of your Company, for a period of three years with effect from 22nd July, 2022. Appropriate resolution seeking your approval to the above is appearing in the Notice convening the 111th Annual General Meeting ('AGM') of your Company.

Mr. Atul Jerath, representing GIPSA, and Mr. Hemant Bhargava, representing LIC, stepped down from the Board with effect from 1st May, 2021 and 23rd August, 2021, respectively. Mr. Sunil Behari Mathur ceased to be a Director of your Company with effect from 15th September, 2021, on completion of his term as an Independent Director. Your Directors place on record their appreciation for the services rendered by Messrs. Jerath, Bhargava and Mathur.

Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') read with

Articles 94 and 95 of the Articles of Association of your Company, Messrs. David Robert Simpson and Nakul Anand will retire by rotation at the ensuing AGM and being eligible, offer themselves for re-election. The Board has recommended their re-election.

Number of Board Meetings

Six meetings of the Board were held during the year ended 31st March, 2022.

Attributes, Qualifications & Independence of Directors and their Appointment

The Corporate Governance Policy of your Company, inter alia, requires that the Non-Executive Directors be drawn from amongst eminent professionals, with experience in business/finance/law/public administration and enterprises. The Nomination & Compensation Committee has laid down the criteria for determining qualifications, positive attributes and independence of Directors (including Independent Directors). The Board Diversity Policy of your Company requires the Board to have balance of skills, experience and diversity of perspectives appropriate to your Company. The skills, expertise and competencies of the Directors as identified by the Board, along with those available in the present mix of the Directors of your Company, are provided in the 'Report on Corporate Governance' forming part of the Report and Accounts.

In terms of the applicable regulatory requirements read with the Articles of Association of your Company, the strength of the Board shall not be fewer than six nor more than eighteen. Directors are appointed/re-appointed with the approval of the Members for a period of three to five years or a shorter duration, in accordance with retirement guidelines and as may be determined by the Board from time to time. All Directors, other than Independent Directors, are liable to retire by rotation, unless otherwise approved by the Members. One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-election.

The Independent Directors of your Company have confirmed that (a) they meet the criteria of independence prescribed under Section 149 of the Act

and Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), (b) they are independent from the management of your Company, and (c) they are not aware of any circumstance or situation which could impair or impact their ability to discharge duties with an objective independent judgement and without any external influence. In the opinion of the Board, the Independent Directors fulfil the conditions prescribed under the Act and the Listing Regulations, and are independent of the management of your Company.

Remuneration Policy

Details of your Company's Policy on remuneration of Directors, Key Managerial Personnel and other employees are provided in the 'Report on Corporate Governance' forming part of the Report and Accounts.

Board Evaluation

The Nomination & Compensation Committee, as reported in earlier years, formulated the Policy on Board evaluation, evaluation of Board Committees' functioning and individual Director evaluation, and also specified that such evaluation will be done by the Board.

In keeping with ITC's belief that it is the collective effectiveness of the Board that impacts Company's performance, the primary evaluation platform is that of collective performance of the Board as a whole. Board performance is assessed, inter alia, against the roles and responsibilities of the Board as provided in the Act, the Listing Regulations and your Company's Governance Policy. The parameters for Board performance evaluation have been derived from the Board's core role of trusteeship to protect and enhance shareholder value as well as to fulfil expectations of other stakeholders through strategic supervision of your Company; such parameters include securing alignment of your Company's goals with the nation's economic, ecological and social priorities, ensuring that your Company has a clearly defined strategic direction for realisation of its vision, and supporting your Company's management to

meet challenges arising from the operating & policy environment in the country. Evaluation of functioning of Board Committees is based on discussions amongst Committee members and shared by the respective Committee Chairmen with the Board. Individual Directors are evaluated in the context of the role played by each Director as a member of the Board at its meetings, in assisting the Board in realising its role of strategic supervision of the functioning of your Company in pursuit of its purpose and goals. The peer group ratings of the individual Directors are collated by the Chairman of the Nomination & Compensation Committee and made available to the Chairman of your Company.

While the Board evaluated its performance against the parameters laid down by the Nomination & Compensation Committee, the evaluation of individual Directors was carried out against the laid down parameters anonymously in order to ensure objectivity. Reports on functioning of Committees were placed before the Board. The Independent Directors Committee of the Board also reviewed the performance of the Chairman, other non-Independent Directors and the Board, pursuant to Schedule IV to the Act and Regulation 25 of the Listing Regulations.

KEY MANAGERIAL PERSONNEL

There were no changes in the Key Managerial Personnel of your Company.

AUDIT COMMITTEE & AUDITORS

The composition of the Audit Committee is provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Statutory Auditors

Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), were appointed with your approval as the Auditors of your Company for a period of five years till the conclusion of the 113th AGM. The Board, on the recommendation of the Audit Committee, has recommended for the approval of the Members, the remuneration of SRBC for the

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financial year 2022-23. Appropriate resolution seeking your approval to the remuneration of SRBC is appearing in the Notice convening the 111th AGM of your Company.

Cost Auditors

Your Board, as recommended by the Audit Committee, appointed the following Cost Auditors for the financial year 2022-23:

- (i) Messrs. ABK & Associates, Cost Accountants, for audit of Cost Records maintained by your Company in respect of 'Wood Pulp' and 'Paper and Paperboard' products.
- (ii) Messrs. S. Mahadevan & Co., Cost Accountants, for audit of Cost Records maintained in respect of all applicable products of your Company, other than 'Wood Pulp' and 'Paper and Paperboard' products.

Pursuant to Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, appropriate resolutions seeking your ratification to the remuneration of the aforesaid Cost Auditors are appearing in the Notice convening the 111th AGM of your Company.

Your Company maintains necessary cost records as specified by the Central Government under Section 148(1) of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

Secretarial Auditors

Messrs. Vinod Kothari & Company, Practising Company Secretaries, were appointed by the Board as the Secretarial Auditors of your Company for the financial year ended 31st March, 2022. The Secretarial Auditors have confirmed that your Company has complied with the applicable laws and that there are adequate systems and processes in your Company commensurate with its size and scale of operations to monitor and ensure compliance with the applicable laws.

The Report of the Secretarial Auditors pursuant to Section 204 of the Act, is provided in the Annexure forming part of this Report.

CHANGES IN SHARE CAPITAL

During the year, 1,44,11,700 Ordinary Shares of ₹ 1/- each, fully paid-up, were issued and allotted upon exercise of 14,41,170 Options under your Company's Employee Stock Option Schemes. Consequently, the Issued and Subscribed Share Capital of your Company, as on 31st March, 2022, stands increased to ₹ 1232,32,55,931/- divided into 1232,32,55,931 Ordinary Shares of ₹ 1/- each. The Ordinary Shares issued during the year rank pari passu with the existing Ordinary Shares of your Company.

EMPLOYEE STOCK OPTION SCHEMES

Disclosures with respect to Stock Options, as required under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ('the Regulations'), are available in the Notes to the Financial Statements of the Company. The said disclosures forming part of the Financial Statements can also be accessed on your Company's corporate website <http://www.itcportal.com> under the section 'Investor Relations'. During the year, there has not been any material change in your Company's Employee Stock Option Schemes.

Your Company's Secretarial Auditors, Messrs. Vinod Kothari & Company, Practising Company Secretaries, have certified that the Employee Stock Option Schemes of your Company have been implemented in accordance with the Regulations and the resolutions passed by the Members in this regard.

INVESTOR SERVICE CENTRE

The Investor Service Centre of your Company ('ISC'), accredited with ISO 9001:2015 certification, is registered with the Securities and Exchange Board of India as Category II Share Transfer Agent for providing in-house share registration and related services. ISC continues to focus on maintaining exemplary standards of investor servicing and providing best-in-class services to the shareholders and investors, while ensuring compliance with the applicable statutory requirements.

The 'Investor Relations' section on your Company's corporate website <http://www.itcportal.com> serves as a user-friendly reference for the shareholders and investors in respect of share related matters.

RELATED PARTY TRANSACTIONS

All contracts or arrangements entered into by your Company with its related parties during the financial year were in accordance with the provisions of the Companies Act, 2013 and the Listing Regulations. All such contracts or arrangements, which were approved by the Audit Committee, were in the ordinary course of business and on arm's length basis. No material contracts or arrangements with related parties were entered into during the year under review. Accordingly, the disclosure of Related Party Transactions as required in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 in Form AOC -2 is not applicable for this year.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 of the Companies Act, 2013, your Directors confirm having:

- a) followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures, if any;
- b) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
- c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d) prepared the Annual Accounts on a going concern basis;
- e) laid down internal financial controls to be followed by your Company and that such internal financial

controls were adequate and were operating effectively; and

- f) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CONSOLIDATED FINANCIAL STATEMENTS

Your Company's Board of Directors is responsible for the preparation of the consolidated financial statements of your Company and its Subsidiaries ('the Group'), Associates and Joint Venture entities, in terms of the requirements of the Companies Act, 2013 (the Act) and in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

The respective Boards of Directors of the companies included in the Group and of its associates and joint venture entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Such financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of your Company, as aforesaid.

OTHER INFORMATION

Compliance with the conditions of Corporate Governance

The certificate from your Company's Statutory Auditors, Messrs. S R B C & CO LLP, confirming compliance with the conditions of Corporate Governance as stipulated under the Listing Regulations, is annexed.

Report of the Board of Directors

Going Concern status

There is no significant or material order passed during the year by any regulator, court or tribunal impacting the going concern status of your Company or its future operations.

Annual Return

The Annual Return of your Company is available on its corporate website at <https://www.itcportal.com/investor/disclosures-under-SEBI.aspx>.

Particulars of loans, guarantees or investments

Details of Loans, Guarantees or Investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in Notes 4, 5 and 9 to the Financial Statements, as applicable.

Particulars relating to Conservation of Energy and Technology Absorption

Particulars as required under Section 134 of the Companies Act, 2013 relating to Conservation of Energy and Technology Absorption are also provided in the Annexure to this Report.

Compliance with Secretarial Standards

Your Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

Employees

The total number of employees as on 31st March, 2022, stood at 23,829.

There were 220 employees, who were employed throughout the year and were in receipt of remuneration aggregating ₹ 102 lakhs or more or were employed for part of the year and were in receipt of remuneration aggregating ₹ 8.5 lakhs per month or more during the financial year ended 31st March, 2022. The information required under Section 197(12) of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in the Annexure forming part of this Report.

Dividend Distribution Policy

Your Company's Dividend Distribution Policy, approved by the Board on 18th March, 2020, may be accessed on its corporate website at <https://www.itcportal.com/about-itc/policies/dividend-distribution-policy.pdf>.

Key Financial Ratios

Key Financial Ratios for the financial year ended 31st March, 2022, are provided in the Annexure forming part of this Report.

FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements that involve risks and uncertainties. When used in this Report, the words 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will' and other similar expressions as they relate to your Company and/or its Businesses are intended to identify such forward-looking statements. Your Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

CONCLUSION

Your Company's 'Triple Bottom Line' philosophy has over the years spurred the creation of innovative business models that synergise the building of economic, environmental and social capital. It is now universally evident that enterprises of the future will not only have to be agile, consumer-centric, innovative and digital-first but also purpose-driven and responsibly competitive. With Digital and Sustainability as the bedrock of your Company's corporate strategy, the superordinate goal of serving larger national priorities and creating value for all stakeholders has evolved into a new paradigm - 'Responsible Capitalism' - an abiding strategy that

focuses on extreme competitiveness but in a manner that replenishes the environment and supports sustainable livelihoods.

The strategic Vision of creating multiple drivers of growth through the pursuit of market opportunities that best match institutional strengths, has resulted in the development of strong Businesses of the future as well as a portfolio of winning world-class brands and future-ready products. Today, your Company is the leading FMCG marketer in India, a pre-eminent hotel chain and a globally acclaimed icon in green hoteliering, the clear market leader in the Indian Paperboards and Packaging industry, a pioneering trailblazer in farmer and rural empowerment through its Agri Business and a global exemplar in sustainable business practices. In the last two decades, your Company's non-cigarettes businesses have grown over 27-fold and presently constitute over two-thirds of Net Segment Revenue. At the heart of this transformation lies the power of synergy, with seamless access for your Company's new Businesses/initiatives to the deep and varied capabilities resident across different parts of the enterprise, and its world-class talent pool.

An extensive strategy reset has been undertaken in recent years to architect the structural drivers that will power ITC's next horizon of growth and ensure that the enterprise remains future-ready, consumer-centric and nimble. Each of your Company's businesses has pivoted to create new frontiers for the future, with enhanced competitiveness as well as sharper focus on cost management to strengthen leadership or rapidly enhance market standing in the case of newer segments. As a core element of the ITC Next strategy, your Company will continue to explore opportunities to craft disruptive business models anchored at the intersection of Digital and Sustainability, the two defining trends in the 'new normal', leveraging its institutional strengths.

In recent years, the FMCG Businesses have delivered strong revenue growth along with significant margin expansion, and are well poised to be rapidly scaled up. Multi-dimensional interventions have been made to strengthen the FMCG Businesses for sustained profitable growth. Following a strategic review of the

business portfolio a few years ago, your Company has restructured the Lifestyle Retailing Business during the year. At the same time, the product portfolio has been strengthened in alignment with new opportunities and enterprise strengths with sharper focus on fortifying the core, addressing adjacencies through world-class mother brands and building categories of the future to power growth. To accentuate consumer-centricity, agility and enable sharper focus in the context of the growing scale and complexity of operations, the Branded Packaged Foods Businesses have been reorganised into market centric clusters with integrated and empowered teams. Focused interventions made in the recent past have also augmented your Company's multi-channel go-to-market capability, resulting in manifold expansion in the reach and availability of its products. Over the last five years, market and outlet coverage have grown 4x and 1.6x respectively while the network of stockists has expanded to 6.4x during the same period. Sharp-focused investments have augmented capability in emerging channels such as e-Commerce and Modern Trade, resulting in strong growth in sales and enhanced market standing; a new vertical has also been developed to address the fast-growing Food Service segment. In addition, investments towards accelerating agile and purposeful innovation with platform centricity, optimising supply chain efficiencies, digitisation and strategic partnerships have significantly enhanced competitiveness. The impact of these multi-dimensional interventions is evident in the substantial margin expansion of 650 bps in Segment EBITDA over the last five years even in the face of significant inflationary headwinds witnessed during the year.

The Businesses will continue to leverage your Company's institutional strengths as a key source of sustainable competitive advantage viz. strong backward linkages with the Agri Business, a deep & wide multi-channel distribution network, cuisine knowledge resident in the Hotels Business, packaging knowhow and the robust R&D platforms nurtured by LSTC. Structural advantages arising out of distributed manufacturing footprint, anchored on state-of-the-art ICMLs strategically located proximal to large demand centres, will be increasingly leveraged to drive rapid

Report of the Board of Directors

growth of the FMCG Businesses. With enhanced scale and margin expansion, the FMCG Businesses are expected to make increasingly higher contributions to your Company's profit pool, thereby setting the stage for further value enhancement opportunities.

The Agri Business has been a strong backbone and a key source of competitive advantage for your Company's FMCG and Cigarettes Businesses. The scope and scale of operations have grown manifold over the years and currently encompass over 4 million tonnes in 22 states and over 20 agri-value chains. In recent years, the Business has pivoted its strategic focus towards rapidly scaling up its Value-Added Agri Products portfolio to accelerate growth. With policy enablers in place, your Company is developing NextGen agriculture value chains that are digitally enabled and climate smart, and re-structuring the back-end into a robust network of Farmer Producer Organisations. This will further strengthen the sourcing network and facilitate the development of customised supply chains for traceable and identity-preserved sourcing of agri-commodities and in augmenting the product portfolio with the addition of value-added products such as staples for the Food Service segment, fresh and frozen fruits & vegetables, medicinal and aromatic plant extracts etc. Towards enhancing the competitiveness of domestic agri-value chains, fostering new business models and further augmenting value creation opportunities, your Company is piloting ITCMAARS (Metamarket for Advanced Agriculture and Rural Services) – a crop-agnostic 'phygital' full stack AgriTech platform integrating NextGen agri-technologies and solutions – to seamlessly deliver hyperlocal and personalised solutions to the farming community whilst creating new and scalable revenue streams and strengthening sourcing efficiencies. The agility and depth of your Company's institutional capabilities was demonstrated by leveraging opportunities in the global markets to enhance share of India's exports in agri-commodities.

The Paperboards, Paper and Packaging Businesses have made significant progress in recent years in terms of enhanced scale and profitability improvement. Strategic investments have been stepped up in areas such as pulp import substitution,

proactive capacity augmentation in Value Added Paperboards segment, decarbonisation of operations, application of Industry 4.0 and towards nurturing robust innovation platforms. The focus going forward is on driving cutting-edge innovation to rapidly scale up single use plastic substitutes as a new vector of growth, building structural advantage through product mix enrichment and scaling up the use of emergent technologies such as Industry 4.0 to enhance operational efficiency, reduce wastage and costs.

The Hotels Business has established a strong footprint of iconic properties and F&B brands on the back of an investment-led growth strategy. In recent years, the strategy has been reset to pursue an 'asset-right' growth path and augment revenue streams while simultaneously leveraging your Company's world-class properties to drive growth. As reported earlier, your Company will continue to pursue alternate structures in line with industry recovery dynamics towards engendering the next horizon of growth as also enhancing value creation.

Your Company's powerful innovation engine across the portfolio of Businesses based on sharp consumer insights, superior vectors of differentiation and agile execution capabilities remains a strong source of sustainable competitive advantage. The state-of-the-art Life Sciences & Technology Centre at Bengaluru, with its multi-dimensional science-based research platforms and centres of excellence, anchors the innovation engine across your Company, and is effectively complemented through collaborations and partnerships with several prestigious institutions in India and across the world.

Your Company continues to build a dynamic 'Future-Tech' enterprise powered by state-of-the-art digital technologies and infrastructure across the value chain adding significant impetus to digital marketing, digital commerce, digital products and digital operations. Your Company today, is a pioneer in adoption of cutting-edge digital technologies across strategic impact areas spanning Intelligent new-age insights that reimagine Consumer Experience, Business Model Transformation, Smart Operations and Employee Experience. Initiatives such as 'DigiNext' and 'Young Digital Leaders Forum' are accelerating your Company's digital journey and

inculcating a data driven and ‘digital first’ culture across the organisation.

As the world prepares for a post-pandemic future, your Company is actively working towards its Sustainability 2.0 agenda which calls for inclusive strategies that can support sustainable livelihoods, pursue newer ways to fight climate change, enable the transition to a net zero economy, work towards ensuring water security for all and create an effective circular economy. With its bold Sustainability 2.0 ambitions, your Company is setting the bar higher with a multi-dimensional contribution to societal value creation, and remains committed to making a meaningful contribution to the Nation’s future while retaining its status as a sustainability exemplar.

Disruptive business models and value propositions anchored at the intersection of Digitalisation and Sustainability form an integral part of your Company’s strategic roadmap going forward. NextGen business models such as ITCMAARS in the agri-ecosystem, tech-enabled cloud kitchens in the food service space, sustainable paperboards and packaging solutions customised for end-use with focus on single use plastic substitutes, are being piloted/progressed to actualise these opportunities. Value-accretive acquisitions, joint venture and collaborations continue to be proactively pursued towards accelerating growth and value creation.

The operating environment during the year continued to remain challenging and was marked by heightened uncertainty and volatility due to the COVID pandemic, continued geopolitical tension, inflationary headwinds on the back of commodity super cycles, and extended supply chain disruptions. The post-pandemic recovery momentum was weakened in course of the year by new strains of COVID and an unprecedented spike in commodity prices due to global supply chain disruptions, container shortages and port congestion.

Inflation continues to remain a key monitorable for your Company in the near term.

In the face of such challenges, the resilience, agility and adaptive capacity demonstrated by your Company is a testament to the talent, determination and untiring efforts of its pool of dedicated professionals, associates and partners. Lessons from the prior waves of the pandemic were leveraged to navigate the dynamic environment in a competitively superior manner. Your Company’s diverse talent pool of professional entrepreneurs, ‘preneurs’, have the unique opportunity to create categories, products and brands from the ground up. This talent pool is being nurtured not only to create winning products and services for today, but also to seize larger opportunities as they emerge from the expanding horizons of your Company’s businesses. The strategic interventions and sustainable competitive advantages of your Company have set the stage for leveraging emergent market opportunities and engendering further value enhancement for stakeholders.

Your Company’s Board and employees are inspired by the Vision of sustaining ITC’s position as one of India’s most admired and valuable companies, creating enduring value for all stakeholders, including the shareholders and the Indian society. The vision of enlarging your Company’s contribution to the Indian economy is driven by its ‘Nation First: Sab Saath Badhein’ credo anchored on the core values of Trusteeship, Transparency, Empowerment, Accountability and Ethical Citizenship, which are the cornerstones of your Company’s Corporate Governance philosophy.

Inspired by this Vision, driven by Values and powered by internal Vitality, your Directors and employees look forward to the future with confidence and stand committed to creating an even brighter future for all stakeholders.

On behalf of the Board

S. PURI *Chairman & Managing Director*

R. TANDON *Director*

Kolkata

18th May, 2022

Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2022

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES OF THE COMPANY

1. CSR Policy - Brief outline and Overview

a. Brief outline of CSR Policy:

It is ITC's Policy to direct its CSR Programmes, inter alia, towards achieving one or more of the following – poverty alleviation; promoting education and skill development; promoting healthcare including preventive healthcare; providing sanitation and drinking water; ensuring environmental sustainability; enabling climate resilience; rural development projects; creating livelihoods for people, especially those from disadvantaged sections of society; protection of national heritage, art and culture; preserving and promoting music and sports; and providing relief and assistance to victims of disasters and calamities.

In pursuit of the above, ITC has identified the following focus areas for its CSR Programmes based on comprehensive need assessment surveys of its stakeholders:

- (i) Create **sustainable livelihoods and alleviate poverty** through promotion of afforestation, water stewardship, sustainable agriculture and climate smart practices, livestock development and women empowerment;
- (ii) Build **capabilities for tomorrow** through interventions in education, vocational training, sanitation, school WASH (Water, Sanitation & Hygiene), safe drinking water and solid waste management;
- (iii) **Promote healthcare, including preventive healthcare**, and improve critical nutritional & health status of at-risk population through interventions to strengthen mother & child health, nutritional content, delivery, outreach and outcomes;
- (iv) Protect **national heritage, art & culture**, and preserve & promote music and sports; and
- (v) Provide relief and assistance to victims of **disasters and calamities**.

The CSR Policy of the Company may be accessed on its corporate website at <https://www.itcportal.com/about-itc/policies/corporate-social-responsibility-policy.aspx>

b. Role of the CSR and Sustainability Committee:

The role of the CSR and Sustainability Committee is inter alia, to review, monitor and provide strategic direction to the Company's CSR and sustainability practices towards fulfilling its triple bottom line objectives. The Committee seeks to guide the Company in crafting unique models to support creation of sustainable livelihoods together with environmental regeneration. Formulation and monitoring of the CSR Policy and recommendation of the annual CSR Action Plan to the Board forms part of the role of the Committee.

c. CSR Programmes / Projects:

The two most important stakeholders for ITC's CSR programmes / projects are:

- Rural communities primarily in the Company's Agri Business areas.
- The communities residing in close proximity to the Company's production units.

The Company's stakeholder representation is varied, calling for an integrated approach to development comprising several layers of interventions which are summarised below, in line with Schedule VII to the Companies Act, 2013:

i. Promoting Preventive Healthcare, Sanitation & Poverty Alleviation (Schedule VII – i):

- **Sanitation:** Promote a hygienic environment through prevention of open defecation and reduce incidence of waterborne diseases. The focus of the interventions is on enhancing awareness and impacting behaviour change on Water, Sanitation & Hygiene (WASH).
- **Health and Nutrition:** Focus on preventive aspects through emphasis on maternal and child care (MCH) & nutrition through awareness and counselling by leveraging institutions like Anganwadis, Asha workers and network of women Village Health Champions (VHC). Also strengthen healthcare related services by supplementing primary & secondary infrastructure, provide access through mobile services & technologies, and encourage adoption of effective nutritional practices. Facilitate health impacting social and civic infrastructure initiatives like improved sanitation and hygiene, potable drinking water etc. in the neighbourhood of our catchments.

- **Waste Management:** Create a clean, healthy and green environment through awareness & behaviour change for inculcating individual & community responsibility, facilitate source segregation & recycling of dry & wet waste, and enable sustainable livelihoods for rag pickers & waste collectors.
 - **Poverty Alleviation:** Target the needy and poor through interventions that enable income generation, and also provide access to basic needs like clothing, food, etc., as needed.
- ii. **Livelihood Enhancement (Schedule VII – ii):**
- **Integrated Animal Husbandry Programme:** Enhance incomes of farmers and their families by increasing productivity of large and small ruminants through a comprehensive package of extension services and capability building.
 - **Education:** Provide children from weaker sections access to education with focus on enrolment, retention and improved pedagogy.
 - **Vocational Training:** Build and upgrade skills of youth with the emerging needs of the job market across sectors.
- iii. **Economic Empowerment of Women (Schedule VII – iii):**
- Provide a range of gainful employment and entrepreneurial opportunities to women supported with access to financial assistance by way of loans & grants and also provide for access to insurance & social security.
- iv. **Ensuring Environmental Sustainability (Schedule VII – iv):**
- **Social Forestry:** Provide food, fuel & fodder security to farmers through social & agro-forestry interventions.
 - **Water Stewardship:** Promote local management of water resources by facilitating community-based participation in planning & executing watershed projects, and also identify & enable extensive use of water efficient agri practices.
 - **CII-ITC Centre of Excellence for Sustainable Development:** Enable other businesses / organisations in India to create enduring value on a sustainable basis by embedding the imperatives of sustainable development in their strategies & processes.
- v. **Protection of National Heritage, Art & Culture (Schedule VII – v):**
- Revive and restore vanishing musical sub-genres by enlisting the goodwill of some of the greatest musicians through the ITC Sangeet Research Academy (ITC SRA), which was established in 1977 as an embodiment of the Company's sustained commitment to a priceless national heritage.
- vi. **Research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (Schedule VII – ix-b):**
- Leverage the technical expertise of premier institutions through partnerships and support R&D activities in the area of science, technology, engineering, environment, agriculture and health aimed at promoting Sustainable Development Goals (SDGs).
- vii. **Rural Development (Schedule VII – x):**
- **Sustainable Agriculture:** Introduce advanced knowledge & technologies through package of practices, increase awareness of farmers on optimum use of natural resources in order to increase farm incomes, minimise cost of cultivation, and make agriculture resilient to extreme weather events.
 - **Knowledge Empowerment:** Enable farmers and farmer collectives to make informed choices by providing relevant and real-time information on commodity prices, local weather reports, customised knowledge & best practices on farm management, risk management and scientific farming.
 - **Agri-extension / services:** Encourage sustainable agricultural practices through various extension platforms to enable access to relevant farm mechanisation technologies & implements, as also institutional support mechanisms, especially for small farm holdings, to enhance farm productivity and farm-based incomes.
- viii. **Disaster Assistance (Schedule VII – xii):**
- Provide relief to the poor and vulnerable sections of society who face severe disruption to their livelihoods in the event of disasters and calamities, directly or through government bodies.

2. **Composition of the CSR and Sustainability Committee as on 31st March, 2022 :**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR and Sustainability Committee held during the year	Number of meetings of CSR and Sustainability Committee attended during the year
1.	S. Puri (Chairman of the Committee)	Chairman & Managing Director	4	4
2.	N. Doda ¹	Non-Executive Director		1
3.	M. Gupta ²	Non-Executive Director		N.A.
4.	S. Panray ¹	Non-Executive Director		1
5.	N. Rao	Independent Director		4
6.	A. K. Seth	Independent Director		4
7.	M. Shankar	Independent Director		4
8.	D. R. Simpson	Non-Executive Director		4

¹ Appointed Member w.e.f. 11th August, 2021.

² Appointed Member w.e.f. 27th October, 2021.

3. Provide the web-link where composition of CSR and Sustainability Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: <https://www.itcportal.com/sustainability/corporate-social-responsibility.aspx>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):

None. There are no Programmes completed after 22nd January, 2021 for which impact assessment is applicable during the current year.

The Company, in line with Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, will initiate steps to conduct impact assessment of its CSR Programmes from the financial year 2022-23.

5. Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2020-21	0.62 crore	0.62 crore

6. Average net profits of the Company as per Section 135(5) : ₹ 17,744.39 crores

7. (a) Two percent of the average net profits of the Company as per Section 135(5) : ₹ 354.89 crores

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil

(c) Amount required to be set off for the financial year, if any : ₹ 0.62 crore

(d) Total CSR obligation for the financial year (7a+7b-7c) : ₹ 354.27 crores

8. (a) CSR amount spent or unspent for the financial year:

Total Amount spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 351.13 crores	₹ 3.90 crores	28th April, 2022	Not Applicable		

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

1	2	3	4	5		6	7	8	9	10	11	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration No.
1.	Rural Health Care Project	Clause I- Promoting healthcare including preventive healthcare	Yes	Uttar Pradesh and Bihar	Saharanpur and Munger	2 years	5.46 crores	1.56 crores	3.90 crores	No	ITC Education and Health Care Trust	CSR00002775

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the Project		Amount Spent for the Project (In ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency (Yes/No)	
				State	District			Name	CSR Registration No.
Details provided under Annexure 1									

(d) Amount spent in Administrative Overheads : ₹ 17.75 crores

(e) Amount spent on Impact Assessment, if applicable : Nil (refer to Sl. No. 4)

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 355.03 crores

(g) Excess amount for set off, if any : ₹ 0.76 crore

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per Section 135(5)	₹ 354.27 crores
(ii)	Total amount spent for the Financial Year	₹ 355.03 crores
(iii)	Excess amount spent for the financial year [(ii)-(i)]	₹ 0.76 crore
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	₹ 0.76 crore

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
Nil							

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed/ Ongoing
Nil								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

- (a) Date of creation or acquisition of the capital asset(s) : Nil
- (b) Amount of CSR spent for creation or acquisition of capital asset : Nil
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : Nil
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). : Nil

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5):
Not applicable

On behalf of the Board

18th May, 2022
Kolkata, India

S. PURI *Chairman – CSR and Sustainability Committee*

R. TANDON *Director*

Annexure 1

Details of CSR amount spent against other than ongoing projects for the financial year

1 Sl. No.	2 Name of the Project	3 Item from the list of activities in Schedule VII to the Act	4 Local Area (Yes/No)	5 Location of the Project		6 Amount Spent for the Project (In ₹ Lakhs)	7 Mode of Implementation - Direct (Yes/No)	8 Mode of Implementation - Through Implementing Agency (Yes/No)	
				State	District			Name	CSR Registration No.
1	Health & Sanitation	Clause I - Promoting health care including preventive health care	Local Area & Others	Andhra Pradesh, Assam, Bihar, Delhi, Himachal Pradesh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Tamil Nadu, Telangana, Uttar Pradesh, West Bengal	East Godavari, Guntur, Prakasam, Kurnool, West Godavari, Darrang, Kamrup, Munger, East Champaran, Lakhisarai, Patna, Rohtas, New Delhi, Solan, Koderma, Ramnagar, Ranchi, Bengaluru Rural, Bengaluru Urban, Hassan, Kolar, Mysuru, Indore, Sehore, Vidisha, Jaisa, Pune, Imphal, East Kashi Hills, Jagatsinghpur, Ganjam, Khordha, Malkangiri, Kapurthala, Coimbatore, Krishnagiri, Pudukkottai, Virudhunagar, Bhadradi Kohagudem, Khanmmam, Medak, Hyderabad, Budaun, Bahraich, Chandauli, Gondak, Hardoi, Hathras, Pilibhit, Saharanpur, Haridwar, Hooghly, Howrah, Kolkata, Jaipalpur, Purba Medinipur	2,386	No	Annexure 2	
2	Solid Waste Management	Clause I - Sanitation	Local Area & Others	Andhra Pradesh, Bihar, Delhi, Karnataka, Maharashtra, Odisha, Punjab, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand, West Bengal	Guntur, Prakasam, Tirupati, Munger, Muzaffarpur, New Delhi, Bengaluru Rural, Bengaluru Urban, Mysuru, Pune, Puri, Khordha, Kapurthala, Chennai, Coimbatore, Madurai, Pudukkottai, Tiruchirappalli, Bhadradi Kohagudem, Hyderabad, Karimnagar, Mahabubnagar, Siddipet, Warangal, Ayodhya, Lucknow, Saharanpur, Haridwar, Hooghly	1,547	No	Annexure 2	
3	Vocational Training	Clause II - Employment enhancing vocation skills	Local Area & Others	Andaman and Nicobar Island, Andhra Pradesh, Assam, Bihar, Chhattisgarh, Delhi, Goa, Gujarat, Harayana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand, West Bengal	South Andaman, Guntur, East Godavari, Prakasam, Darrang, Kamrup, Munger, Sukma, South Delhi, South Goa, Vadodra, Faridabad, Nuh, Solan, Jammu, Srinagar, Dharwad, Bengaluru Urban, Bengaluru Rural, Kolar, Bhopal, Chhindwara, Damoh, Gwalior, Indore, Sehore, Vidisha, Mumbai City, Mumbai Suburban, Nanded, Pune, Thane, Khordha, Malkangiri, Amritsar, Kapurthala, Jhalawar, Jodhpur, Chennai, Coimbatore, Krishnagiri, Pudukkottai, Tiruchirappalli, Virudhunagar, Bhadradi Kohagudem, Hyderabad, Medak, Warangal, Agra, Ghaziabad, Gorakhpur, Kashi, Lucknow, Prayagraj, Prayagraj, Saharanpur, Varanasi, Haridwar, Hooghly, Howrah, Kolkata, South 24 Parganas	40	Yes	N.A.	
4	Integrated Animal Husbandry	Clause II - Livelihood enhancement projects	Local Area & Others	Andhra Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Telangana	Guntur, Nellore, Prakasam, West Godavari, Hassan, Mysuru, Amravati, Bhopal, Guna, Indore, Mandasaur, Sehore, Shivpuri, Ujjain, Vidisha, Khanmmam	1,229	No	Annexure 2	
5	Livelihood Promotion	Clause II - Livelihood enhancement projects	Local Area & Others	Bihar, West Bengal	Begusarai, Bhagalpur, Khagaria, Lakhisarai, Munger, Samastipur, Vaishali, Hooghly, Purba Bardhaman	231	No	Annexure 2	
6	Education	Clause II - Promoting education, including special education	Local Area & Others	Andhra Pradesh, Assam, Bihar, Delhi, Gujarat, Himachal Pradesh, Karnataka, Maharashtra, Odisha, Punjab, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand, West Bengal	East Godavari, Guntur, Hyderabad, Kurnool, Nellore, Prakasam, Srikakulam, Vizianagaram, Vishakhapatnam, West Godavari, Darrang, Kamrup, Munger, East Champaran, Lakhisarai, Patna, Rohtas, New Delhi, North Delhi, South Delhi, West Delhi, West Delhi, Ahmedabad, Solan, Bengaluru Rural, Bengaluru Urban, Hassan, Kolar, Mysuru, Amravati, Budaun, Dhule, Jalgaon, Jaisa, Kohlapur, Pune, Jagatsinghpur, Kapurthala, Chennai, Chengalpattu, Pondicherry, Coimbatore, Krishnagiri, Pudukkottai, Virudhunagar, Thiruvallur, Bhadradi Kohagudem, Khanmmam, Medak, Saharanpur, Lucknow, Haridwar, Hooghly, Kolkata, Purba Medinipur, Jaipalpur	1,629	No	Annexure 2	
7	Women Empowerment	Clause III - Promoting gender equality, empowering women	Local Area & Others	Assam, Bihar, Delhi, Himachal Pradesh, Karnataka, Madhya Pradesh, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand, West Bengal	Kamrup, Munger, East Delhi, North Delhi, Solan, Hassan, Mysuru, Agar Malwa, Alirajpur, Anuppur, Ashok Nagar, Balaghat, Barwani, Betul, Bhand, Bhopal, Chhindwara, Chhatrapur, Damoh, Dalia, Dewas, Dhar, Dindori, Guna, Gwalior, Harda, Hoshangabad, Jabalpur, Jhalua, Katni, Mandla, Morena, Narsinghpur, Panna, Raisen, Rajgarh, Rewa, Sehar, Sainia, Sehore, Seoni, Shahdol, Shahpur, Sheopur, Shivpuri, Sidhi, Singrauli, Tikamgarh, Umaria, Vidisha, Baran, Bikaner, Bundi, Kola, Coimbatore, Krishnagiri, Pudukkottai, Bhadradi Kohagudem, Khanmmam, Chandauli, Saharanpur, Haridwar, Howrah	812	Yes	N.A.	
8	Soil & Moisture Conservation	Clause IV - Conservation of natural resources and maintaining quality of soil, air and water	Local Area & Others	Andhra Pradesh, Assam, Bihar, Chhattisgarh, Delhi, Harayana, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand	East Godavari, Guntur, Nellore, Prakasam, West Godavari, Darrang, Kamrup, Sukma, Munger, New Delhi, South West Delhi, Nuh, Solan, Belagavi, Bengaluru Rural, Bengaluru Urban, Hassan, Kolar, Mysuru, Yadgir, Chhindwara, Dewas, Indore, Sehore, Ujjain, Vidisha, Ahmednagar, Pune, Ganjam, Malkangiri, Kapurthala, Baran, Barmer, Bikaner, Bundi, Jaisalmer, Jhalawar, Jodhpur, Kola, Palli, Coimbatore, Pudukkottai, Theni, Bhadradi Kohagudem, Medak, Nalgonda, Gorakhpur, Saharanpur, Haridwar	4,215	No	Annexure 2	
9	Social Forestry	Clause IV - Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry	Local Area & Others	Andhra Pradesh, Assam, Chhattisgarh, Karnataka, Maharashtra, Odisha, Telangana, Tripura, Uttarakhand	East Godavari, Guntur, Krishna, Nellore, Prakasam, West Godavari, Darrang, Sukma, Hassan, Mysuru, Chandrapur, Malkangiri, Bhadradi Kohagudem, Khanmmam, Mahabubabad, Mulugu, Nalgonda, Sepahijala, West Tripura, Haridwar	1,347	Yes	N.A.	
10	Protection of national heritage, art and culture	Clause V - Protection of national heritage, art and culture	Local Area & Others	West Bengal	Kolkata	230	No	Annexure 2	

1 Sl. No.	2 Name of the Project	3 Item from the list of activities in Schedule VII to the Act	4 Local Area (Yes/No)	5 Location of the Project		6 Amount Spent for the Project (In ₹ Lakhs)	7 Mode of Implementation - Direct (Yes/No)	8 Mode of Implementation - Through Implementing Agency (Yes/No)	
				State	District			Name	CSR Registration No.
11	Research in science, technology, engineering and medicine	Clause IX (b) - Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organization (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs)	Local Area & Others	N.A.	N.A.	377	Yes		N.A.
12	Improved Agriculture Practises	Clause X - Rural Development projects	Local Area & Others	Andhra Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand, West Bengal	East Godavari, Guntur, Krishna, Kumool, Nellore, Prakasam, Srikakulam, West Godavari, Baksa, Berpala, Darrang, Dhubri, Goalpara, Kamrup, Araria, Begusarai, Bhojpur, Buxar, East Champaran, Kaimur (Bhabua), Kathjar, Lakhsara, Munger, Patna, Rohtas, Sheikhpura, Sitamarhi, Sukma, Junagadh, Navsari, Rajkot, Bhivani, Faterabad, Hisar, Nuh, Haryana, Sisa, Solan, Pakur, Sahibganj, Bagalkot, Belagavi (Belgaum), Ballari (Bellary), Bengaluru Rural, Bengaluru Urban, Chikmagalur (Chikmagalur), Hassan, Kodagu, Kolar, Mysuru, Rachenr, Yadgir, Wayanad, Agar Malwa, Ashok Nagar, Barwan, Beul, Bhopal, Chhatarpur, Chhindwara, Damoh, Dewas, Dhar, Guna, Harda, Hoshangabad, Indore, Kharodva, Khargson, Mandasaur, Narsinghpur, Neemuch, Raisen, Rajgarh, Ratlam, Sagar, Serone, Soni, Srirajpur, Shivpur, Singrauli, Tikamgarh, Ujjain, Vidisha, Ammednagar, Akola, Amravati, Beed, Bhandara, Buldhana, Chandrapur, Hingoli, Jalna, Latur, Nagpur, Nanded, Nashik, Nandurbar, Osmanabad, Parbhani, Pune, Raichur, Sangli, Solapur, Wardha, Washim, Yavatmal, Ganjam, Kalahandi, Khordha, Malkangiri, Rayagada, Amritsar, Kapurthala, Almer, Alwar, Banswara, Baran, Barmer, Bharatpur, Bhilwara, Bikaner, Bundi, Chittoor, Dausa, Dholpur, Dungarpur, Hanumantgarh, Jaipur, Jaisalmer, Jalore, Jhalawar, Karauli, Kota, Nagaur, Pali, Pratapgarh, Rajasmand, Sawai Madhopur, Shri Ganganagar, Sikar, Tonk, Udaipur, Combaore, Pudukkottai, Sivaganga, Theni, Adilabad, Bhadrachal Kotigudem, Jayashankar Bhupalpally, Jangaon, Jogaamba Gadwal, Khammam, Mahabubabad, Mahbubnagar, Medak, Mulugu, Nalgonda, Nizamabad, Warangal, Agra, Aligarh, Ambedkar Nagar, Auraiya, Ayodhya, Azamgarh, Bagpat, Bahraich, Barabanki, Bareilly, Basti, Budaun, Bulandshahr, Chandauli, Deoria, Etah, Etawah, Gonda, Gorakhpur, Ghazipur, Hardoi, Hathras, Jalaun, Jaunpur, Kanpur, Dehat, Kanshiram Nagar (Kasganj), Kushinagar, Lakhimpur-Kheri, Lalitpur, Lucknow, Maharajganj, Mainpuri, Mathura, Meerut, Mirzapur, Moradabad, Prayagraj, Pilibhit, Raebareilly, Rampur, Saharanpur, Sant Kabir Nagar, Shahjahanpur, Shravasti, Siddharthnagar, Sitapur, Sultanpur, Unnao, Varanasi, Haridwar, Udhham Singh Nagar, Hooghly, Howrah, Murshidabad	2,278	No	Annexure 2	
13	Disaster Relief	Clause XII - Disaster Management, including relief, rehabilitation and reconstruction activities	Local Area & Others	Pan India	Almedabad, Bengaluru Urban, Bhopal, Cachar, Chennai, Coimbatore, Cuttack, Darjeeling, Dehradun, Dharwad, Emakulam, Gautam Budh Nagar, Guntur, Hyderabad, Hariwar, Jajpur, Jodhpur, Kamrup, Kanpur, Kolkata, Kozhikode, Lucknow, Mumbai, Suburban, North Goa, Patna, Pune, Raipur, Ranchi, Sambalpur, Tiruchirappalli, Varanasi, Vishakhapatnam	3,309	Yes	N.A.	
						1,552	No	Annexure 2	
						7,769	Yes	N.A.	
						33,182			

Annexure 2

List of Implementing Agencies

NGO Name	CSR1 Registration No.	Schedule VII Clause
Academy of Gandhian Studies	CSR00005230	Clause - (i)
Action For Agricultural Renewal In Maharashtra-AFARM	CSR00000092	Clause - (iv and x)
Action For Social Advancement (ASA)	CSR00001213	Clause - (iv and x)
Arunodaya Information Management Society	CSR00028261	Clause - (x)
Adarsh Yuva Samiti	CSR00000390	Clause - (i, ii and iii)
Adarsha Rural Health and Economic Development Society	CSR00000385	Clause - (iv and x)
Anudip Foundation For Social Welfare	CSR00000060	Clause - (ii)
ASSIST	CSR00000031	Clause - (i and ii)
Assocham Foundation For Corporate Social Responsibility	CSR00001076	Clause - (i)
Avvai Village Welfare Society	CSR00002508	Clause - (I and ii)
Azad Foundation	CSR00001157	Clause - (iii)
BAIF Development Research Foundation	CSR00000308	Clause - (ii, iii, iv and x)
Bandhan - Konnagar	CSR00001463	Clause - (iii)
Biome Environmental Trust	CSR00001605	Clause - (iv)
Bitan Institute For Training, Awareness and Networking	CSR00004091	Clause - (i)
Bright Light Society	CSR00001369	Clause - (ii)
Chaitanya Jyothi Welfare Society	CSR00003746	Clause - (iv and x)
Collective Good Foundation	CSR00001648	Clause - (ii)
Community Organisation For Oppressed and Depressed Upliftment (COODU)	CSR00001346	Clause - (iv and x)
Daya Society	CSR00007699	Clause - (ii)
Deepam Rural Development Charitable Trust	CSR00001942	Clause - (i, ii, iii, iv and x)
Development Research Communication & Services Center	CSR00002927	Clause - (x)
Development Support Centre	CSR00000674	Clause - (iii, iv and x)
DHAN (Development of Humane Action) Foundation	CSR00000273	Clause - (iv and x)
Don Bosco Tech Society	CSR00001747	Clause - (ii)
Dr. Hedgewar Seva Samiti Nandurbar	CSR00001781	Clause - (x)
Dr.Ambedkar Society For Youth & Rural Development	CSR00005008	Clause - (iv and x)
E Sree Foundation	CSR00000452	Clause - (i)
EFFORT (Eco Foundation for Research & Training)	CSR00002557	Clause - (iv and x)
Environmentalist Foundation of India	CSR00002310	Clause - (ii)
Exnora International Foundation	CSR00002245	Clause - (i)
Financial Inclusion Improves Sanitation and Health Society	CSR00001053	Clause - (i and ii)
Food Security Foundation India	CSR00001178	Clause - (xii)
Forum For Organized Resource Conservation and Enhancement	CSR00000037	Clause - (i, iv and x)
Foundation for Ecological Security	CSR00000637	Clause - (iv)
FXB India Suraksha	CSR00000076	Clause - (I & ii)
Gandhi Golden Trust	CSR00013621	Clause - (x)
Gramasiri	CSR00002041	Clause - (iv & x)
Grameen Development Services	CSR00000639	Clause - (x)
Green Cross	CSR00001062	Clause - (iv and x)
Guide Foundation For Development	CSR00000886	Clause - (iv and x)
Harsha Trust	CSR00001106	Clause - (iv and x)
Healthy You Foundation	CSR00017775	Clause - (ii)
Institute For Development of Youth,Women and Child	CSR00001582	Clause - (iii, iv and x)
Institute of Spatial Planning and Environmental Research	CSR00006782	Clause - (iv and x)
ITC Education and Health Care Trust	CSR00002775	Clause - (i)
ITC Sangeet Research Academy	CSR00003561	Clause - (v)
Learning Links Foundation	CSR00000640	Clause - (ii)
Lokmitra	CSR00000814	Clause - (ii)
Mamta Health Institute For Mother and Child	CSR00001978	Clause - (i)

NGO Name	CSR1 Registration No.	Schedule VII Clause
Manav Vikas Sansthan	CSR00001537	Clause - (iv and x)
Modern Architects For Rural India	CSR00000168	Clause - (i)
Myrada Kaveri Pradeshika Samsthe	CSR00001643	Clause - (i, ii, iii, iv and x)
Mysore Resettlement and Development Agency	CSR00001099	Clause - (iv and x)
National Centre for Human Settlements and Environment	CSR00000776	Clause - (iii, iv and x)
National Institute for Rural Development, Education, Social Upliftment and Health (NIRDESH)	CSR00008272	Clause - (i)
Nehru Foundation For Development	CSR00001034	Clause - (x)
Network For Enterprise Enhancement and Development Support NEEDS	CSR00002858	Clause - (i)
New Concept Centre For Development Communication	CSR00000240	Clause - (i)
Outreach Association of Volunteers for Rural Development	CSR00002003	Clause - (i, ii, iv and x)
Peoples Action for National Integration	CSR00000125	Clause - (iv and x)
Pratham Education Foundation	CSR00000258	Clause - (ii)
Pravah	CSR00002347	Clause - (x)
Rashtriya Gramin Vikas Nidhi	CSR00002390	Clause - (iv and x)
Rotary Bangalore Peenya Trust	CSR00018967	Clause - (i)
Round Table India Trust	CSR00000895	Clause - (ii)
Rural Communes	CSR00010212	Clause - (x)
Rural Development Organisation	CSR00001586	Clause - (i, ii and iii)
SAAHAS	CSR00000097	Clause - (i)
Sachidanand Shikshan Sansthan	CSR00017100	Clause - (iii and x)
Samarth In Participatory Action Society	CSR00002296	Clause - (iv and x)
Samarthanam Trust For The Disabled	CSR00000063	Clause - (i)
Sambhav Foundation	CSR00028598	Clause - (x)
Sarv Mangal Gramin Vikas Sansthan	CSR00000154	Clause - (iii, iv and x)
Sarva Seva Samity Sanstha	CSR00000224	Clause - (x)
SEARCH-Socio Economic Alternatives Research and Resource Community for Humanity	CSR00000587	Clause - (i, ii, iv and x)
Seven Sisters Development Assistance (SeSTA)	CSR00000087	Clause - (iv and x)
SEWA Bharat	CSR00001733	Clause - (iii)
Shramjivi Janata Sahayyak Mandal	CSR00001794	Clause - (x)
Shri Bhuvneshwari Mahila Ashram	CSR00001595	Clause - (i)
Skills Art and Beyond Social Welfare Society	CSR00019962	Clause - (x)
Social Awareness Through Human Involvement	CSR00003798	Clause - (i, ii and iii)
Society For Sampurna Grama Swaraj	CSR00000669	Clause - (iv and x)
Society of Indian Institute for Rural Development	CSR00000199	Clause - (iv and x)
Support For Network and Extension Help Agency (SNEHA)	CSR00000103	Clause - (i and ii)
Umang Sunehra Kal Sewa Samiti	CSR00000658	Clause - (i, iv and x)
Velugu Association	CSR00001765	Clause - (x)
Vijay Integrated Development Society (VIDS)	CSR00000055	Clause - (i)
Vikramshila Education Resource Society	CSR00001182	Clause - (ii)
Water For People India Trust	CSR00000892	Clause - (i)
Water Sanitation and Hygiene Institution (WASH Institute)	CSR00000170	Clause - (i, ii and x)
Youth For Development of People	CSR00002588	Clause - (iv and x)
Youthinvest Foundation	CSR00001288	Clause - (i)